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E.O. 11652: GDS
TAGS: PFOR MILI NATO OR XF G XI NAC
SUBJECT: NATO STUDY ON IMPLICATIONS OF REOPENING SUEZ CANAL

REF: A. USNATO 2633
B. USNATO 1972 (NOTAL)

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1. TEXT OF SUBJECT STUDY IN FINAL FORM PER REF A FOLLOWS.
WHILE NOT FORMALLY APPEARING ON SPRING MINISTERIAL AGENDAS, THIS
STUDY MAY BE CONSIDERED AS A BACKGROUND PAPER FOR BOTH DPC
MINISTERIAL AND THE NATO SUMMIT.

2. BEGIN TEXT:

C-M(75)12(REVISED)

THE IMPLICATION SOF THE REOPENING OF THE SUEZ CANAL

SUMMARY

INTORDUCTION

1. THIS REPORT EXAMINES THE IMPLICATIONS OF THE REOPENING OF THE CANL IN TERMS OF THE INCREASED OPPORTUNITIES THIS DEVELOPMENT COULD GIVE FOR SOVIET PENETRATION IN THE INDIAN OCEN AND ITS APPROACHES AND FROM THE STANDPOINT OF ITS GENERAL ECONOMIC REPERCUSSIONS. AFTER TAKING STOCK OF THE FACTS IN THESE AREAS (PART I) AND ASSESSING THEM (PART II), THE REPORT ATTEMPTS TO PINPOINT THE MAIN FACTORS AFFECTING THE EAST WEST BALANCE OF FORCES (PART III). THE LAST PARAGRAPH OF THE REPORT RAISES CERTAIN MILITARY CONSIDERATIONS FOR THE ALLIES.

I. FACTS

2. IN THE LAST FIFTEEN YEARS, THE USSR HAS BROKEN WITH ITS DEFENSIVE NAVAL DOCTRINE IN FAVOUR OF ACQUIRING AN OFFENSIVE CAPABILITY WHICH SERVES AN OVERALL POLICY. THIS CHANGE IS REFLECTED IN THE MODERNIZATION OF THE SOVIT FLEET AND IN THE GENERAL DEPLOYMENT OF SOVIET NAVAL UNITS WITH IMPROVED LOGISTIC SUPPORT, WHICH HAS BEEN ACHIEVED BY THE EXTENSIVE GROWTH OF THE SOVIET MERCHANT FLEET. IN THE INDIAN OCEAN, THERE HAS BEEN A CONTINUING SOVIET NAVAL PRESENCE SINCE NOVEMBER 1968 AND THIS HAS INCREASED FIVEOLD IN THE LAST FIVE YEARS. THE AVERAGE STRENGTH OF THIS SQUADRON IS ABOUT 7 SURFACE COMBATANTS, 1 SUBMARINE AND 6 TO 7 AUXILARY CRAFT. THESE UNITS ARE DRAWN MAINLY FORM THE PACIFIC FLEET AND ARE REINFORCED IN TIMES OF CRISIS. WITH THE REOPENING OF THE SUEZ CANLA, THE USSRS LINES OF COMMUNICATION WILL BE SHORTNEED (ODESSA-ADEN 2,500 MILES VIA THE CANAL,AS AGAINST 11,500 MILES VIA THE CAPE).

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3. THE OPENING OF THE CANAL WILL ONCE AGAIN DIRECTLY LINK WITH THE MEDITERRANEAN THREE SEPARATE AREAS WHERE STRATEGIC INTERESTS ECONOMIC RECHES AND A MORE OR LESS UNSETTLED POLITICAL SITUATION ARE ESPECIALLY CONDUCIVE TO STRUGGLES FOR INFLUENCE: THE PERSIAN GULF AND RED SEA OUTLETS AND, TO A LESSER EXTENT, THE MOZAMBIQUE CHANNEL REGION. THE USSR IS STEPPING UP ITS EFFORTS TO PENETRATE THESE AREAS; AS IN THE PAST, THESE EFFORTS ARE DIRECTOED CHIEFLY AGAINST SOMALIA AND SOUTH YEMEN, WHERE THE SOVIETS WERE ALREADY MOST FIRMLY ENTRENCHED, ESPECIALLY AS REGARD THE NAVAL FACILITIES AT BERBERA AND ADEN.

4. THE ACCELERATED CONSTRUCTION OF BIGGER AND BIGGER CARRIERS SINCE THE CLOSURE OF THECANAL HAS HAD THE EFFECT OF

REDUCING THE PROPORTION OF THE TANKER FLEET WHICH WILL BE ABLE TO USE IT WHEN IT IS REOPENED. ON THE OTHER HAND, AS FAR AS DRY CARGOES ARE CONCERNED, BEARING IN MIND THE EXPANSION OF SHIPPING SINCE 1966 AND THE FORESEEABLE INCREASE IN TRADE BETWEEN THE INDUSTRIALIZED EUROPEAN COUNTRIES AND THE ARAB OIL PRODUCERS, CANAL TRAFFIC IS LIKELY TO REACH AND EVEN EXCEED ITS PREVIOUS LEVEL.

II. ASSESSMENT

5. BECAUSE OF THE VULNERABILITY OF THE CANAL IN WARTIME, THE IMPLICATIONS OF ITS REOPENING ARE CONSIDERED SOLELY IN TERMS OF A PEACETIME SITUATION. THE REOPENING OF THE CANAL WOULD GIVE THE USSR A WIDER RANGE OF POLITICAL AND MILITARY OPTIONS:

- IT WILL ENABLE THE USSR TO DISTRIBUTE ITS FORCES MORE EASILY BETWEEN ITS MEDITERRANEAN SQUADRON AND ITS INDIAN OCEAN SQUADRON AND WILL FACILITATE THE LOGISTIC SUPPORT OF THE LATTER. THE USSR WILL CONTINUE ITS ATTEMPTS TO STRENGTHEN ITS FOOTHOLD IN SOMALIA, SOUTH YEMEN AND IRAQ AND TO OBTAIN NEW NAVAL AND AIR FACILITIES IN THESE COUNTRIES. SHOULD SUCH FACILITIES BE FOUND FOR ITS LONG RANGE RECONNAISSANCE AIRCRAFT, THE RESULT WOULD BE A CONSIDERABLE IMPROVEMENT OF ITS NAVAL FORCES IN THE AREA. HOWEVER THE SOVIETS ARE AWARE OF THE RISKS OF CLOSURE AND WILL TAKE CARE NOT TO BECOME OVER DEPENDENT OF THIS WATERWAY;

- THE OPENING OF THE CANAL WILL ENABLE THE USSR TO TAKE GREATER ADVANTAGE OF CRISIS SITUATIONS ARISING TO THE EAST AND THE SOUTH OF THE CANAL. HOWEVER THE SOVIET UNION WILL PROCEED

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WITH CAUTION LEST ITS PRESENCE IS INTERPRETED AS THAT OF A NEW IMPERIALIST POWER.

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6. BECAUSE OF IT SHIP BUILDING PROGRAMME, IF THE USSR DECIDED TO STRENGTHEN ITS INDIAN OCEAN SQUADRON WHICH, IN ANY CASE, WILL CONTINUE TO BE COMPOSED OF SHIPS FROM THE PACIFIC FLEET, IT WOULD HAVE TO DRAW ON NAVAL UNITS AT PRESENT ASSIGNED TO OTHER MISSIONS. THE REOPENING OF THE CANAL WILL INCREASE MARITIME TRAFFIC FROM THE EASTERN MEDITERRANEAN, AND THIS IS BOUND TO INCREASE THE NEED FOR AIR SURVEILLANCE AS WELL AS IN SECRET

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TIME OF CRISIS MISSIONS TO PROTECT NATO MERCHANT SHIPPING.

7. IN VIEW OF THE RELATIVELY SMALL AMOUNT OF ITS FOREIGN TRADE, THE IMMEDIATE ECONOMIC EFFECT ON THE USSR OF THE REOPENING OF THE SUEZ CANAL WILL PROBABLY BE LIMITED. HOWEVER, BY USING THE CANALROUTE FOR ITS TRANS SIBERIAN TRADE AS WELL AS FOR ITS TRADE WITH INDIAN, THE FAR EAST AND AUSTRALIA, THE USSR WOULD MAKE SAVINGS IN TIME AND SHIPS . IN THE LONGER RUN, THE SHORTER DISTANCES WOULD OPEN UP NEW OPPORTUNITIES FOR SOVIET TRADE WITH THE COUNTRIES SOUTH OF SUEZ AND WOULD MAKE EASIER THE FLOW OF SOVIET ECONOMIC AND TECHNICAL ASSISTANCE TO SOME THIRD WORLD COUNTRIES.

III. CONCLUSIONS

8. THE REOPENING OF THE CANAL WILL GIVE SOVIET NAVAL POWER ADDED FLEXIBILITY AND INCREASE SOVIET POSSIBILITIES FOR POLITICAL AND ECONOMIC PENETRATION IN THE INDIAN OCEAN AREA, BUT IT WILL CAUSE NO SUBSTANTIAL SHIFT IN ADVANTAGE TO EITHER EAST OR WEST, AS LONG AS THE WESTERN COUNTRIES BRING TO BEAR EQUIVALENT MEANS TO THOSE OF THE SOVIETS. SINCE THE SOVIET UNION PENETRATION IN THE INDIAN OCEAN IS GOVERNED BY MAJOR GEO-STRATEGIC CONSIDERATIONS, NAMELY TO PUT THEMSELVES IN A POSITION TO THREATEN WESTERN TRADE ROUTES, MARK CHINESE ACTIVITIES THERE AND TO ASSERT ITSELF AS A SUPER POWER WITH WORLD WIDE INTERESTS,

IT WILL BE PURSUED IN ANY CASE. THUS, WHETHER OR NOT THE SUEZ CANAL IS REOPENED, THE SOVIET UNION IS LIKELY TO INCREASE ITS CONTINUOUS DEPLOYMENTS IN THE INDIAN OCEAN. THIS INCREASE FROM THE PRESENT DEPLOYED FORCE OF SOME 7 SURFACE COMBATANTS IS LIKELY TO BE GRADUAL.

9. HOWEVER, THE USSR WILL ACT WITH PRUDENCE. IN SO DOING IT WOULD BE ABLE TO GAUGE THE REACTIONS OF THE LITTORAL STATES CONTINUALLY EVALUATE THOSE OF THE WESTERN COUNTRIES WHILE AVOIDING ANY SERIOUS DAMAGE TO THE CURRENT POLICY OF DETENTE WITH THE WEST. IT IS NOT THE SOVIETS INTENTION EITHER TO STEP UP KIND OF NAVAL RACE WITH THE WEST OR, IN GENERAL, TO RUN ANY RISK OF SPARKING OFF A WESTERN MILITARY OR POLITICAL RESPONSE. HOWEVER, IF AT ANY STAGE, THE SOVIETS FELT THAT THEY COULD ACT QUICKLY AND DECISIVELY IN A CHANGING SITUATION WITHOUT PROVOKING WESTERN REACTION, THEY WOULD BE ABLE TO DO SO.

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THE IMPLICATIONS OF THE REOPENING OF THE SUEZ CANAL

INTRODUCTION

LAYOUT

1. IN THIS PAPER, THE IMPLICATIONS OF THE REOPENING OF THE SUEZ CANAL ARE CONSIDERED FROM TWO STANDPOINTS. FIRST, AN ATTEMPT IS MADE TO ESTABLISH HOW FAR THE CANALS REOPENING WILL ASSIST SOVIET PENETRATION EAST OF SUEZ. SECONDLY, THE GENERAL ECONOMIC REPERCUSSIONS ARE REVIEWED. THE AREA UNDER CONSIDERATION COMPRISES THE INDIAN OCEAN AND ITS APPROACHES (RED SEA AND PERSIAN GULF), TOGETHER WITH THE LITTORAL COUNTRIES (SEE CHARTS AT ANNEX I). AFTER A SHORT INTRODUCTION, THE REPORT FALLS INTO THREE PARTS. THE FIRST PART TAKES STOCK OF THE FACTS. THE SECOND PART ASSESSES ON THIS BASIS MOSCOW'S POLITICO-STRATEGIC INTENTIONS AND THE ECONOMIC IMPLICATIONS OF REOPENING THE CANAL. THE THIRD PART- CONCLUSIONS- PINPOINTS THE MAIN FACTORS AFFECTING THE EAST WEST BALANCE OF FORCES(##).

2. PROSPECTS FOR THE REOPENING OF THE SUEZ CANAL (##)
ON 29TH MARCH, PRESIDENT SADAT ANNOUNCED THAT THE SUEZ CANAL WOULD BE REOPENED ON 5TH JUNE NEXT. IT WILL BE NAVIGABLE IN ITS 1967 DIMENSIONS (38FT DRAUGHT). IT IS UNLIKELY, HOWEVER, THAT THE CANAL CAN BE RESTORED TO FULL COMMERCIAL OPERATION BEFORE LATE 1975 OR EARLY 1976. THERE ARE PLANS FOR INCREASING ITS DEPTH (1)(###).

I. FACTS

A. SOVIET PENETRATION IN THE INDIAN OCEAN AND ADJACENT AREAS

(A) NAVAL ACTIVITIES OF THE USSR

3. THE SITUATION THAT WILL ARISE AS A RESULT OF THE REOPENING OF THE CANAL SHOULD BE CONSIDERED IN THE LIGHT OF

THE CONTINUING GROWTH IN SOVIET NAVAL CAPABILITY.

(#) TO MAKE FOR EASIER READING, DETAILS AND TECHNICAL DATA
ARE APPENDED AS FOOTNOTES AT ANNEX II

(##) A MAP OF THE SUEZ CANAL IS ATTACHED AT ANNEX I

(###) REFERNECES TO FOOTNOTES WILL HENCEFORTH BE GIVEN IN
NUMERICAL SEQUENCE

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4. CHANGE IN SOVIET NAVAL DOCTRINE: OVER THE PAST

FIFTEEN YEARS, THERE HAS BEEN A RADICAL CHANGE IN THE USSRS STRATEGIC NAVAL DOCTRINE. FORMERLY, IT WAS AN ACCEPTED FACT THAT THE SOVIET NAVY HAD NO MISSIONS TO PERFORM ON THE HIGH SEAS, NAVAL UNITS BEING ASSIGNED TO COASTAL DEFENCE DUTIES IN SUPPORT GROUND FORCES. SINCE THE EARLY 1960S, HOWEVER, RUSSIA HAS DONE ITS UTMOST TO BECOME A MAJOR NAVAL POWER AND, SECRET

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TO THIS END, ITS NAVY HAS BEEN IMPROVING ITS OFFENSIVE CAPABILITIES. THE SOVIET UNION HAS DEPLOYED SOME NAVAL UNITS TO MOST OF THE IMPORTANT OCEAN REGIONS AND HAS THEREBY LARGELY OVERCOME THE DISADVANTAGES OF ITS GEO STRATEGIC POSITION (CLIMATIC CONDITIONS, ICE BOUND PORTS ETC.). THE SOVIETS NAVY'S NEW ROLE AS AN EFFECTIVE INSTRUMENT FOR SUPPORTING MOSCOW'S OVERALL POLICY AND STRATEGY THROUGHOUT THE WORLD HAS REPEATEDLY BEEN MENTIONED, AMONG OTHERS, BY ITS COMMANDER IN CHIEF, ADMIRAL GORSHKOV.

5. MODERNISATION OF THE SOVIET FLEET: THE RESULT IS A NAVY OF INCREASED CAPABILITIES FOR DISTANT OPERATIONS. THE SIZE OF THE SOVIET NAVY, IN TERMS OF SURFACE COMBATANTS, WILL PROBABLY REMAIN ABOUT CONSTANT OVER THE NEXT FEW YEARS. THE USSR IS INVESTING IN MODERN SHIPS AND IMPROVING THE CAPABILITIES OF RECENTLY CONSTRUCTED ONES. AT THE SAME TIME IT IS RETIRING OLDER VESSELS AT ABOUT THE RATE AS IT COMMISSIONS NEW ONES. NOTABLE ASPECTS OF THIS MODERNISATION PROGRAMME ARE THE RECENT COMMISSIONING OF TWO 20,000 TONS HELICOPTER CARRIERS, THE "LENNINGRAD" AND THE "MOSKVA" AND - AN EVEN MORE SIGNIFICANT DEVELOPMENT IN VIEW OF PREVIOUS SOVIET PRONOUNCEMENTS LIKENING AIRCRAFT CARRIERS TO "FLOATING COFFINS" - THE LAYING DOWN OF TWO 40,000 TON AIRCRAFT CARRIERS, THE "KIEV" AND THE "MINSK", TO BE COMMISSIONED IN 1976 AND 1978 RESPECTIVELY (2) (#). ANOTHER IMPORTANT FACTOR IS THE IMPROVEMENT IN REMOTE LOGISTIC SUPPORT FOR THE SOVIET FLEET AS A RESULT OF THE EXTENSIVE GROWTH OF THE USSRS MERCHANT NAVY (3).

6. GENERAL DEPLOYMENT OF THE SOVIET FLEET: THE SOVIETS HAVE, OVER THE LAST FEW YEARS, DEVELOPED OPERATING PATTERNS FOR THEIR PRINCIPAL SURFACE COMBAT SHIPS WHICH PROVIDE FOR :

- (I) A SIZEABLE PERMANENT FORCE DEPLOYED IN THE MEDITERRANEAN;
- (II) READY FORCES NEAR THE IMPORTANT COASTAL AREAS OF THE USSR;
- (III) A FEW SHIPS FROM EACH FLEET AREA IN READINESS FOR CONTINGENCIES ABROAD; (IV) ABOUT FIVE COMBATANTS IN THE INDIAN OCEAN AND ONE OR TWO OFF WEST AFRICA; (V) A FEW ADDITIONAL SHIPS VISITING FOREIGN PORTS IN OTHER PARTS OF THE WORLD; AND
- (VI) SUFFICIENT SHIPS UNDERGOING OVERHAUL, REPAIR AND WORKUP.

(#) SEE ALSO PARAGRAPH 23 BELOW
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7. GROWTH OF THE SOVIET NAVAL PRESENCE IN THE INDIAN OCEAN SINCE 1968: SOVIET MERCANT SHIPPING ACTIVITY IN THE OCEAN EXPERIENCED ITS FASTEST GROWTH BETWEEN 1954 AND 1964, AND INTEREST IN DEVELOPING FISHING INDUSTRIES IN THE AREA BECAME APPARENT IN THE EARLY 1960S (3) AND (4). IT WAS NOT UNTIL MID MARCH 1968, HOWEVER, THAT THE FIRST SOVIET WARSHIPS ENTERED THE SCENE, WHEN A CRUISER AND TWO DESTROYERS VISITED EIGHT CONTINENTS. A FURTHER DEPLOYMENT IN NOVEMBER 1968, MARKED THE BEGINNING OF AN ALMOST CONTINUOUS NAVAL PRESENCE, INCLUDING SOME OF THE MOST MODERN SOVIET SHIPS (5). SHIP DAYS IN THE INDIAN OCEAN HAVE RISEN FROM ABOUT 1,000 IN 1968, WHEN CONTINUOUS SOVIET DEPLOYMENT BEGAN, TO ABOUT 5,000 IN 1973, BUT STILL ACCOUNT FOR LESS THAN 15 PCT OF THE SHIP DAYS SPENT AWAY FROM THE USSR. THE TYPICAL SOVIET FORCE THERE DURING 1973 INCLUDED ONE GUN ARMED CRUISER OR MISSILE EQUIPPED SHIP, TWO DESTROYERS OR DESTROYERS ESCORTS, ONE MINESWEEPER, AN AMPHIBIOUS SHIP, A DIESEL SUBMARINE, AND SIX AUXILIARIES (6). UNDER ORDINARY CONDITIONS, OPERATIONS ARE LIMITED TO PORT VISITS AND EXTENDED PERIODS AT ANCHOR IN THE NORTH WESTERN PORTION OF THE OCEAN (ULM). MOST OF THESE SHIPS ARE DRAWN FROM THE PACIFIC. IN ADDITION TO THIS CONTINUOUS PRESENCE, THE SOVIETS ARE CAPABLE OF AUGMENTING THEIR NAVAL PRESENCE IN THE INDIAN OCEAN DURING PERIODS OF HEIGHTENED TENSION (8).

8. SHORTENING OF SEA LINES OF COMMUNICATION: THE MAIN EFFECT ON THE SOVIET UNION OF THE REOPENING OF THE SUEZ CANAL WILL BE THE SHORTENING OF THEIR LINES OF COMMUNICATION FROM THE BLACK SEA TO THE RED SEA, THE GULF AND THE NORTHERN INDIAN OCEAN. THERE WILL BE LITTLE EFFECT ON THE BALANCE IN THE SOUTHERN INDIAN OCEAN AS BOTH THE USSR AND THE UNITED STATES CAN AS EASILY DEPLOY NAVAL UNITS RESPECTIVELY FROM THEIR EASTERN AND WESTERN SEABOARDS. THE SOVIET NAVY WILL BE ABLE TO DEPLOY SHIPS TO THE NORTHERN INDIAN OCEAN MUCH MORE QUICKLY THAN BEFORE. THE DISTANCE BETWEEN ODESSA AND ADEN VIA THE SUEZ CANAL IS 2,500 MILES AS OPPOSED TO 11,500 MILES VIA THE CAPE. VLADIVOSTOK TO ADEN IS 7,700 MILES (ANNEX ID AND IE). ASSUMING AN OVERALL AVERAGE SPEED OF 15 KNOTS, TRANSIT TIME FROM THE BLACK SEA (SEVASTOPOL) TO BERBERA, SOMALIA WOULD BE EIGHT DAYS AND TO DIEGO GARCIA THIRTEEN DAYS. TRANSIT TIMES
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FROM THE PACIFIC FLEET, WHICH NOW SUPPLIES THE UNITS FOR INDIAN OCEAN DEPLOYMENTS, ARE SEVENTEEN DAYS TO BERBERA AND FOURTEEN DAYS TO DIEGO GARCIA. OF COURSE WESTERN NAVIES COULD ALSO MAKE MAJOR TIME SAVINGS. FOR INSTANCE SHIPS LEAVING BRITAIN WOULD HALVE THE DISTANCE TO ADEN BY TRAVELLING VIA THE CANAL, AND THE UNITED STATES UNITS FROM THE SIXTH FLEET DEPLOYING TO THE GULF OF ADEN WOULD TRAVEL 1,500 MILES FROM THE EASTERN MEDITERRANEAN AS OPPOSED TO 10,500 ROUND THE CAPE. BUT NO

NATION WILL WISH TO RELY TOO HEAVILY ON TH CANAL ROUTE, SUBJECT
AS IT IS TO SUDDEN CLOSURE IN TMES OF WAR, EGYPTIAN DEPLOMATIC
LEVERAGE AND A BOTTLE NECK IN THE RED SEA.

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(B) SIVIET PENETRATION OF THE COUNTIRES BORDERING THE
INDIAN OCEAN
9. SOVIET PENETRATION IN THE PERSIAN GULF (BORDERED BY
IRAN IRAQ AND THE EMIRATES), THE RED SEA (BORDERED BY THE
YEMENI ARAB REPUBLIC, THE PEOPLES DEMOCRATIC REPUBLIC OF
YEMEN, SOMALIA AND ETHIOPIA) AND THE MOXAMBIQUE CHANNEL
(BORDERED BY TANZAINIA MOZAMBIQUE MADAGASCAR AND MAURITIUS)
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IS DISCUSSED IN GREATER DETAIL IN FOOTNOTE (9).

THE GULF AND RED SEA AREAS ARE OF PARAMOUNT IMPORTANCE
FROM TWO POINTS OF VIEW:

(A) ECONOMIC

-- THEY HOLD TWO THIRDS OF THE WORLD'S OIL RESERVES.
EUROPE IS DEPENDENT ON THEM FOR 70PCT OF ITS OIL SUPPLIES.
IN ADDITION, THEY CONTAIN PLentiful RAW MATERIALS;
-- THEY ARE THE SCENE OF HEAVY MARITIME TRAFFIC CONNECTED
WITH THE TRANSPORT OF THESE COMMODITIES. OIL TRANSPORT
ACCOUNTS FOR ALMOST 75PCT OF THE TOTAL. PORT FACILITIES ARE
AVAILABLE AT THE TIP OF THE RED SEA AND IN SOUTHERN AFRICA;
-- THEY ARE ON THE NORTH SOUTH AIR TRAFFIC LANES.

(B) STRATEGIC

-- BECAUSE OF THE POSSIBILITIES THEY OFFER;
-- FOR CONTROL OF MARITIME TRAFFIC IN THE STRAITS OF
HORMUZ, THE STRAITS OF BAB AL MANDEB AND POSSIBLY THE CAPE FEAR
EAST ROUTE;
-- FOR CIVIL AND MILITARY TELECOMMUNICATIONS.

BOTH THE WEST AND THE SOVIET ARE WELL ENTRENCHED IN
THESE AREAS. THE WEST IS IN THE STRONGER POSITION IN THE PERSIAN
GULF, WITH THE SITUATION IN THE RED SEA FAIRLY EVENLY BALANCED,
ALTHOUGH MOSCOW IS HAVING TO CONTEND WITH CHINESE INFLUENCE.
THE SOVIETS, NONETHELESS, APPEAR TO HAVE BEEN MAKING CONSIDERABLE
EFFORTS TO CONSOLIDATE AND, IF POSSIBLE, TO EXTEND THEIR FOOTHOLD
AT THE SOUTHERN END OF THE RED SEA, PRESUMABLY WITH AN EYE
TO THE REOPENING OF THE SUEZ CANAL. THESE EFFORTS HAVE BEEN
APPLIED, AS IN THE PAST, PARTICULARLY TO THE SOMALI DEMOCRATIC
REPUBLIC AND TO THE PEOPLES DEMOCRATIC REPUBLIC OF YEMEN WHERE
THE SOVIETS WERE ALREADY ONE JUMP AHEAD, PARTICULARLY WITH
REGARD TO THE NAVAL FACILITIES AT BERBERA AND ADEN. THE SITUATION
IN ERITREA IS ONE WHICH THE SOVIET MIGHT BE TEMPTED TO EXPLOIT.
THIS HOLDS DANGERS WHICH COULD LEAD TO SOVIET INFLUENCE ON BOTH
SIDES OF THE STRAITS OF BAB EL MANDEB.

THE MOZAMBIQUE CHANNEL AREA WHICH IS NOT A SOURCE OF
ESSENTIAL COMMODITIES IS SUFFICIENTLY WIDE TO MAKE INTERFERENCE
WITH NAVIGATION IMPRACTICAL. WESTERN INFLUENCE IS STILL STRONG
BUT SOME OF THE PRESENT REGIMES ARE BEING CHALLENGED BY THE
MAJORITY OF AFRICAN STATES, SUPPORTED BY THE USSR AND CHINA.

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EASTWARDS, OF COURSE, LIE INDIA AND BANGLADESH WHERE
THE USSR HAS BEEN TRYING TO GAIN FOOTHOLDS.

(C) THE LEGAL STATUS OF THE CANAL

10. IN PRINCIPLE, THE SUEZ CANAL IS AN INTERNATIONAL
WATERWAY OPEN TO VESSELS OF ALL STATES, INCLUDING BELLIGERENT
STATES, SUBJECT, HOWEVER, TO EGYPTIAN DEFENCE REQUIREMENTS
(1888 CONSTANTINOPLE CONVENTION).

AS FAR AS INTERNATIONAL LAW IS CONCERNED, THE USSR CAN BE EXPECTED TO INSIST ON THE PRINCIPLE OF FREEDOM OF NAVIGATION FOR WARSHIPS. IN THIS CONTEXT, THE AIM OF THE ARAB STATES TO DECLARE THE RED SEA AS AN ARAB SEA, A "MARE NOSTRUM" WITH A VIEW TO KEEPING OTHER POWERS AWAY FROM THIS REGION HAS TO BE TAKEN INTO ACCOUNT. IT IS PERHAPS SIGNIFICANT THAT THE USSR IS SAYING VERY LITTLE ABOUT THE PROPOSAL, SUPPORTED BY INDIA (10 TO NEUTRALISE THE INDIAN OCEAN THROUGH THE CREATION OF AN INDIAN OCEAN PEACE ZONE WHICH WOULD ALMOST CERTAINLY SERIOUSLY HAMPER THE MOBILITY OF SOVIET FORCES IN THE INDIAN OCEAN.

CLEARLY THE SOVIETS WOULD NOT BE HAPPY TO SEE A NAVAL RACE DEVELOPING WITH THE WEST, AND WHILE THEY WILL TRY TO MATCH US DEPLOYMENT THEY MAY WISH TO DISCUSS THE POSSIBILITIES OF ARMS LIMITATION IN THE OCEAN AREA. THEY MIGHT SEE ADVANTAGE IN A BAN ON THE INTRODUCTION OF NUCLEAR WEAPONS, RECKONING THAT THIS WOULD HIT THE WEST HARDER THAN THEMSELVES, BUT A COMPREHENSIVE ARMS LIMITATION AGREEMENT CANNOT BE EXPECTED IN THE NEAR FUTURE. IN CONTRAST, THEY ARE CONTINUING TO PRESS THEIR PROPOSALS FOR A COLLECTIVE SECURITY PACT IN ASIA.

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B. ECONOMIC FACTORS

11. IN 1966, THE OIL TRADE ACCOUNTED FOR NEARLY THREE-
QUARTERS (176 MILLION TONS) OF THE CANALS TRAFFIC (242 MILLION
TONS). AT THE TIME SOME 80PCT OF THE WORLDS TANKERS WERE ABLE
TO USE THE CANAL AT LEAST IN ABALLAST. THE NEED TO USE THE CAPE
ROUTE CONTRIBUTED TO A MARKED SHIFT IN TANKER BUILDING
POLICY TOWARD VERY LARGE CARRIERS. AS A RESULT, BY JUNE 1974 ONLY
ONE FOURTH OF THE WORLD TNAKER CAPACITY COULD, WHEN LOADED
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(UP TO 50PCT IF BALLAST PASSAGES ARE COUNTED), USE THE CANAL AT
ITS PRE 1967 CONDITION. WHAT IS MORE, THIS TRAFFIC MAY COME UP
AGAINST COMPETITION FROM PIPELINE FACILITIES TO THE MEDITERRANEAN.

12. HOWEVER, ONCE THE WORK OF DEEPENING AND WIDENING HAS
BEEN COMPLETED, EUROPEAN AND UNITED STATES FUEL REQUIREMENTS COULD
WELL ENCOURAGE THE USE OF THE CANAL FOR THE OIL TRADE. IN
EUROPE OIL IMPORTS FROM THE GULF HAVE RISEN RAPIDLY SINCE 1966
AND DESPITE ENERGY CONSERVATION MEASURES, FURTHER INCREASES
ARE EXPECTED. FURTHERMORE, UNITED STATES IMPORTS OF HYDRO-
CARBONS COULD INCREASE CONSIDERABLY BY 1980 IF CONSERVATION MEASURES
NOW BING PLANNED ARE NOT FULLY IMPLEMENTED. PART OF THIS
INCREASE MIGHT HAVE TO BE CARRIED FROM THE PERSIAN GULF TO THE
UNITED STATED EASTERN SEABOARD- WHERE THERE ARE NO DEEP WATER
PORTS- BY TANKERS ABLE TO TRANSIT THROUGH THE CANAL. AS THE
PRODUCER COUNTIRES- IN LINE WITH EXPECTATIONS- EXPAND THEIR
REFINERY CAPACITY, THEY WILL START TO DEAL IN REFINED PRODUCTS
WHICH CAN BE CARREID BY SMALLER SHIPS THAN CRUDE OILAND THESE
SHIPS WILL BE ALSO ABLE TO USE THE CANAL. THIS WOULD
BENEFIT THOSE COUNTIRES WITH TANKER FLEETS IN THE SMALL AND
MEDIUM SIZE RANGES AND LESSEN THE RISK OF POLLUTION IN THE
MEDITERRANEAN.

13. BY THE END OF 1975, A LARGENUMBER OF BULD CARRIERS
AND ORE SHIPS AND VIRTUALLY ALL THE ORDINARY CARGO AND CONTAINER
SHIPS IN SERVICE WILL BE ABLE TO USE THE CANAL. HOWEVER, THE
LARGER CONTAINER SHIPS PLYING THE FAR EAST TRADE ROUTES WILL
ONLY BE ABLE TO TRANSIT PARTIALLY LOADED. BEARING IN MIND
THE EXPANSION OF DRY CARGO SHIPPING SINCE 1966 (11) AND OF
THE FORESEEABLE INCREASE IN TRADE BETWEEN THE INDUSTRILIZED
EUROPEAN COUNTRIES AND THE ARAB OIL PRODUCERS, CANAL TRAFFIC
IS LIKELY TO REACH AND EXCEED THAT YEARS LEVEL (66 MILLION
TONS IN BOTH DIRECTIONS) BUT IT IS SCARCELY POSSIBLE TO SUGGEST
A FIGURE AT PRESENT.

14. TRANSPORT, PARTICULARY OF HEAVY GOODS BETWEEN THE

EUROPEAN PORTS OF THE SOVIET UNION AND ITS FRONTIERS IN NORTH-EAST ASIA, IS CONSIDERABLY CHEAPER BY SEA (BLACK SEA-VLADIVOSTOK) THAN BY THE TRANS SIBERIAN RAILWAY. BY USING THE SUEZ CANAL ROUTE FOR SOME OF THESE GOODS AND FOR ITS TRADE WITH INDIA, THE FAR EAST AND AUSTRALIA, THE USSR WOULD MAKE
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SAVINGS IN TIME AND SHIPS WHICH ARE HARD TO QUANTIFY IN MONETARY TERMS BUT WHICH COULD AMOUNT TO SEVERAL MILLION DOLLARS. IN ADDITION, THE MAJORITY OF SOVIET SHIPS AND TANKERS CAN PASS THROUGH THE CANAL BECAUSE OF THEIR RELATIVELY SMALL SIZE (12).

15. THE CONTRIBUTION TO THE SOVIET ECONOMY OF FOREIGN TRADE AMOUNTS TO ONLY ABOUT 7PCT TO 8PCT OF HER (ESTIMATED) GNP, AND IN 1967 ONLY 5PCT OF THIS TRADE USED THE CANAL. IN 1966-67, SOVIET MERCHANT SHIPPING PASSING THROUGH THE CANAL AVERAGED 1,800 VESSELS A YEAR, I E 11 MILLION TONS, 9 MILLION OF WHICH WERE FOR NORTH SOUTH TRAFFIC. THE GREATER PART OF SOVIET IMPORTS THROUGH THE CANAL WERE OF FOODSTUFF AND RAW MATERIALS, SUCHH AS RUBBER TIN WOOL AND WHEAT FROM THE FAR EAST AND AUSTRALIA. MOST SOVIET EXPRTS TO THE AREA WERE ALSO OF RAW MATERIALS OIL AND SOME MANUFACTURES. BUT THE SUM OF SOVIET FOREIGN TRADING VENTURES IS VERY SMALL BY MOST WESTERN STANDARDS. ECONOMIC ASSISTNACE TO THE COUNTRIES OF THE AREA IS SHOWN IN ANNEX II (13).

II. ASSESSMENT

A. POLITICAL AND STRATEGIC

16. THIS STUDY ON THE IMPLICATIONS OF THE REOPENING OF THE SUEZ CANAL RELATES TO TIME OF PEACE. BECAUSE OF ITS VULNERABILITY, THE WATERWAY LOSES STRATEGIC RELIABILITY IN WARTIME. THE REOPENING OF THE CANAL WOULD GIVE THE USSR ADDED NAVAL AND POLITICAL FLEXIBILITY:

(1) IT WOULD IMPROVE THE SOVIET UNIONS NAVAL FLEXIBILITY BY REDUCING SUBSTANTIALLY THE TRANSIT TIME FOR SHIPS FROM THE BLACK SEA FLEET BASES. IT WOULD ALSO IMPROVE, TO A DEGREE, SOVIET NAVAL FLEXIBILITY FROM THE TWO OTHER SOVIET WESTERN FLEETS. THE REDUCTION IN TRANSIT TIME TO THE INDIAN OCEAN WOULD NOT BE GREAT ENOUGH IN ITSELF TO CAUSE A SIGNIFICANT INCREASE IN THE NUMBER OF SHIP DAYS ON STATION IN THE INDIAN OCEAN. IT WOULD, HOWEVER, REDUCE THE LOGISTICS PROBLEM OF SUPPORTING AN INDIAN OCEAN NAVAL PRESENCE SINCE UNITS DEPLOYED THERE COULD BE SUPPLIED, AT SOME SAVINGS, BY SUPPORT SHIPS COMING THROUGH THE CANAL;

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(II) EASIER ACCESS TO THE INDIAN OCEAN FOR THE SOVIET MERCHANT AND NAVAL FLEETS COULD ENABLE MOSCOW TO EXTEND ITS INFLUENCE SOUTHWARDS. THE SOVIET NAVY COULD DIVIDE ITS FORCES MORE EASILY BETWEEN THE MEDITERRANEAN SQUADRON (SOME 50 UNITS) AND THE 20 OR SO UNITS OF THE INDIAN OCEAN SQUADRON, WHICH IS IN CONTACT WITH THE FAR EAST FLEET. A RESUMPTION OF MILITARY AND MERCHANT TRAFFIC THROUGH SECRET

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THE CANAL WOULD HELP TO TAKE PRESSURE OFF THE TRANS SIBERIAN RAILWAY WHICH IS VULNERABLE AND WORKING AT SATURATION POINT;

(III) THE GREATER NAVAL FLEXIBILITY COULD HELP THE SOVIET TAKE ADVANTAGE OF ANY CHANGING POLITICAL SITUATION IN THE LITTORAL STATES OF THE REGION. IN FUTURE CRISES THEY COULD MAKE QUICKER AND LARGER DELIVERIES OF MILITARY AID AND AUGMENT THEIR NAVAL PRESENCE IN THE WESTERN INDIAN OCEAN ALSO MORE QUICKLY THAN NOW;

(IV) AT PRESENT, US FORCES IN THE WESTERN PACIFIC CAN DEPLOY TO THE AREA MORE QUICKLY THAN CAN THE SOVIET

FROM VLADIVOSTOK. WITH THE CANAL OPEN BOTH ALLIED COUNTIES AND THE SOVIETS COULD SEND REINFORCEMENTS FROM THE MEDITERRANEAN. THEORETICALLY, THIS WOULD MAKE REINFORCEMENT CAPABILITIES EQUAL. HOWEVER, SOME ADVANTAGES WOULD ACCRUE TO THE SOVIETS IN DEPLOYING FORCES FROM THE MEDITERRANEAN:

(A) THE SOVIETS COULD REPLACE SURFACE SHIPS DRAWN FROM THE MEDITERRANEAN MORE QUICKLY THAN COULD THE US;

(B) ALL MAJOR SOVIET SURFACE COMBATANTS AND THE TWO COMMISSIONED AIRCRAFT CARRIERS COULD TRANSIT THE CANAL. (OF ALL US SURFACE COMBATANTS 12 OF ITS 14 ATTACK AIRCRAFT CARRIERS COULD NOT.)

17. MAJOR MARITIME POWERS- INCLUDING THE SOVIET UNION- WILL HAVE GREATER STRATEGIC FLEXIBILITY WHEN THE CANAL IS OPEN BUT NONE WILL WISH TO RELY TOO HEAVILY ON THE CANAL ROUTE WHICH IS SUBJECT TO EASY CLOSURE IN A CRISIS. THE USSR WOULD NOT WISH TO BE CAUGHT WITH A SUBSTANTIAL PORTION OF AVAILABLE NAVAL UNITS AT THE WRONG END OF A BLOCKED CANAL.

18. WHILE THE REOPENING OF THE CANAL WILL GIVE THE SOVIET UNION GREATER SCOPE FOR ACTION, WHAT IT ACTUALLY DOES WILL DEPEND ON ITS ASSESSMENT OF THE ADVANTAGES OF EXTENDING ITS POLITICAL INFLUENCE AND THE RISKS INVOLVED. THE SOVIETS WOULD LIKE TO PLAY A GREATER ROLE IN THE INDIAN OCEAN. THEY PROBABLY EXPECT CONSIDERABLE POLITICAL CHANGE OVER THE NEXT DECADE IN THE PERSIAN GULF, SAUDI ARABIA, AND THE HORN OF AFRICA. THEY WOULD LIKE TO BE IN A POSITION OF INFLUENCE AND PROFIT FROM SUCH CHANGES. A NAVAL PRESENCE IS A USEFUL ELEMENT IN A COMBINED APPROACH WHICH UTILIZES POLITICAL, ECONOMIC, SUBVERSIVE, AND MILITARY INSTRUMENTS AS WELL. IT WOULD BE A VISIBLE REMINDER THAT THE USSR IS CAPABLE OF PROTECTING ITS OWN INTERESTS

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AND THOSE OF ITS INDIAN OCEAN FIRMS. THE SOVIETS PERCEIVE THAT THIS CAPABILITY WILL ENHANCE SOVIET PRESTIGE AND PLACE THE USSR IN A STRONGER POSITION TO COMPETE FOR POLITICAL INFLUENCE AMONG INDIAN OCEAN NATIONS.

19. ON THE OTHER HAND, IN CONTEMPLATING AN EXPANDED NAVAL PRESENCE, THE SOVIETS WILL BE CONSCIOUS OF A NUMBER OF RISKS. IN SO FAR AS THEY USE LOCAL SHORE FACILITIES (SEE BELOW), THEY RISK SUDDEN LIMITATIONS OR EVEN EJECTIONS BY THE HOST GOVERNMENT. IN LIGHT OF THEIR EXPERIENCE IN EGYPT AND SUDAN, THEY RECOGNIZE THAT SOMALIA, THE PEOPLES DEMOCRATIC REPUBLIC OF YEMEN, AND IRAQ COULD BE TRANSFORMED INTO POLITICALLY EMBARRASSING LOSSES BY VIRTUE OF A CHANGE IN POLICY OR EVEN GOVERNMENT. THE USSR WILL BE WARY OF EXCESSIVE INVOLVEMENT WITH ONE PARTY TO A REGIONAL RIVALRY LEST IT COMPROMISE ITS PROSPECTS WITH THE OTHER PARTY. HAVING REPRESENTED SOVIET POLICY AND PRESENCE IN THE AREA AS AIMED AT THE EXPULSION OF "US IMPERIALISM", THE USSR MUST MANAGE ITS OWN PRESENCE WITH SOME CARE, LEAST IT BE INTERPRETED AS THE PRESENCE THERE OF A NEW

IMPERIALIST POWER. AS AN EXAMPLE OF HOW THEY TRY TO HAVE IT HAVE IT BOTH WAYS, THEIR ATTACK ON US PLANS FOR DIEGO GARCIA AND THEIR PROPAGANDA SUPPORT FOR IOPZ PROPOSALS WHILE SIMULTANEOUSLY EXPANDING USE OF THEIR SOMALI FACILITIES IS INDICATIVE OF THEIR MANAGEMENT STRATEGY.

20. FOR REASONS EXPLAINED ABOVE,IF THE SOVIETS WOULD DECIDE TO INCREASE SUBSTANTIALLY THE NUMBER OF PRINCIPAL SURFACE CAMBATANTS THEY DEPLOY ON A CONTINUING BASIS IN THE INDIAN OCEAN THEY WOULD HAVE TO DRAW DOWN NAVAL FORCES NOW ALLOCATED TO OTHER TASKS. OVER THE LONGER TERM, HOWEVER, THE GREATER CAPABILITY OF THE NEW SHIPS WILL, IN EFFECT, INCREASE THE NUMBER OF SHIPS AVAILABLE FOR DISTANT OPERATIONS.

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21. EVEN WHEN THE CANAL REOPENS, IT IS PROBABLE THAT THE

BULK OF THE SOVIET NAVAL PRESENCE IN THE INDIAN OCEAN AS A WHOLE WILL CONTINUE TO BE DRAWN FROM THE PACIFIC FLEET. THE BLACK SEA IS ALREADY WELL COMMITTED IN PROVIDING VESSELS FOR THE MEDITERRANEAN SQUADRON. HOWEVER, THE SOVIET UNION WILL THEN HAVE THE POSSIBILITY IF THEY SO CHOOSE TO SEND REINFORCEMENTS TO THE INDIAN OCEAN SQUADRON FROM THE NORTH THROUGH THE SUEZ

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CANAL. IT MUST ALSO BE TAKEN INTO ACCOUNT THAT THE MOST IMPORTANT SOVIET NAVAL YARDS ARE NOT IN THE AREA OF VLADIVOSTOK BUT IN THE BALTIC STATES AND AT NIKOLAEV ON THE BLACK SEA COAST. THEREFORE, NEW SHIPS AS WELL AS DAMAGED SHIPS ARE MORE LIKELY TO TRANSIT THROUGH THE CANAL RATHER THAN RISK THE CAPE. THUS, SOVIET SHIP DAYS AND NAVAL TRAFFIC, EVEN IF TRANSITORY, WILL INCREASE IN THE MEDITERRANEAN.

22. THE INCREASE OF MARITIME TRAFFIC STEMMING FROM THE REOPENING OF THE SUEZ CANAL WILL CALL FOR INCREASED SURVEILLANCE THROUGHOUT THE MEDITERRANEAN AREA, AND WILL REQUIRE AN INCREASED EFFORT IN THE PROTECTION OF NATO MERCHANT SHIPPING IN TIMES OF CRISIS AND TENSION. IT IS NOT EXPECTED THAT THIS WILL SIGNIFICANTLY REDUCE THE NEED FOR SURVEILLANCE AND PROTECTION OF TRAFFIC ENTERING THE NATO AREA FROM THE SOUTH ATLANTIC VIA THE CAPE ROUTE.

23. IN TIME OF POLITICAL TENSION THE SOVIETS WILL REACT, AS IN THE PAST, TO ANY LOCAL INCREASE BY THE UNITED STATES IN ITS FORCE LEVEL IN THE INDIAN OCEAN. THEY MAY ALSO REACT IN SIMILAR CIRCUMSTANCES TO SIGNIFICANT UNITED KINGDOM, FRENCH OR OTHER NAVAL DEPLOYMENTS IN THE AREA.

24. AN INCREASE IN THE SOVIET NAVAL PRESENCE WILL ALSO RAISE THE QUESTION OF PORT FACILITIES FOR THE FLEET. SEVERAL FACTORS SUGGEST THAT THE USSR WILL BE INTERESTED IN IMPROVED SHORE FACILITIES IN THE LITTORAL STATES, BUT THAT THEIR AVAILABILITY WILL NOT BE A CRUCIAL FACTOR IN MOSCOW'S BROAD NAVAL POLICY IN THE REGION SINCE THE SOVIET NAVY HAS TRADITIONALLY TAKEN CARE TO AVOID EXCESSIVE DEPENDENCE ON FOREIGN FACILITIES. IN THE INDIAN OCEAN IT MAKES SUBSTANTIAL USE OF BERBERA FOR REPLENISHMENT AND THE MINOR REPAIRS AND ITS FACILITIES THERE ARE BOTH IMPRESSIVE AND GROWING. WHEN THE SUEZ CANAL IS REOPENED, LOGISTIC REQUIREMENTS SHOULD BE EASED, AND THE VALUE OF SHORE FACILITIES WOULD DECLINE. INCIDENTALLY, IT WOULD UNDERMINE THE MAJOR SOVIET ARGUMENT FOR REQUESTING THESE AFTER THE CANAL WAS CLOSED.

25. ON THE OTHER HAND, THE SOVIET NAVAL PRESENCE IN THE INDIAN OCEAN COULD WORK IN THE OPPOSITE DIRECTION. THE SOVIETS PROBABLY HOPE TO INCREASE THEIR CAPABILITIES FOR AIR

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RECONNAISSANCE (SEE BELOW) IN THE INDIAN OCEAN, AND THIS WOULD INVOLVE A GREATER NEED FOR ACCESS TO SHORE FACILITIES. WHILE THE SOVIETS HAVE ANCHORAGE PRIVILEGES AT THE MALDIVES, SEYCHELLES AND MAURITIUS ISLANDS, AND COULD ALSO ROTATE FISHING CREWS INTO THE LATTER BY AIR, SOMALIA AND PEOPLES DEMOCRATIC REPUBLIC OF YEMEN WILL CONTINUE TO PRESNET THE BEST OPPORTUNITIES FOR LIMITED USE OF SHORE FACILITIES AND BOTH OF THESE GOVERNMENTS MAY ACCEPT SOME INCREASED SOVIET PRESENCE. THE SOVIETS PROBABLY WILL ALSO MAKE MORE CALLS TO THE PORT THEY HELPED BUILD AT UM QASR, BUT ITS LOCATION AT THE HEAD OF THE NARROW PERSIAN GULF AND THE FACT THAT ITS WATERS ARE TOO SHALLOW TO ACCOMMODATE MOST LARGE WARSHIPS AND NUCLEAR SUMBARINES ARGUE AGAINST MAJOR SOVIET USE OF IT . MOSCOW IS UNLIKELY TO SUCCEEDINGITS EFFORTS TO ACQUIRE NAVAL FACILITIES IN INDIA. SOVIET SHIPS WILL PROBABLY INCREASE THE NUMBER OF PORT CALLS AT THOSE PLACES THEY HAVE USED IN THE PAST. IN THE MAJORITY OF THESE COUNTIRES THE HOST NATION WILL SEEK TO BALANCE SOVIET AND WESTERN PORT USE, AND THIS IS NOT LIKELY TO CHANGE WITH THE OPENING OF THE CANAL.

26. THE OPERATIONAL CREDIBILITY OF EVEN THE PRESENT FORCE IS LIMITED BUT WOULD BE IMPROVED BY THE SUPPORT OF RECONNAISSANCE AIRCRAFT FROM THE USSR (WHICH IS DEPENDENT ON OVERFLYING RIGHTS) OR ACCESS BY LONG RANGE ARCRAFT TO AIRFIELDS ON THE ARABIAN SEA. IF THE SOVIETS WERE ABLE TO USE NEW AIRFIELD FACILITIES IN SOMALIA FOR LONG RANGE RECONNAISSANCE AIRCRAFT, OR IF THEY GAINED ACCESS TO SIMILAR FACILITEIS IN THE PDRY, THEIR NAVAL EFFECTIVENESS COULD BE GREATLY IMPROVED. REPORTS INDICATE THAT IMPROVEMENTS ARE IN HAND TO THE RUNWAYS AT TWO AIRFIELDS IN SOMALIA WHICH WULD ALLOW FOR THE OPERATION OF BEARS. ANNEX ID SHOWS THE COVERAGE OF THE OCEAN AREAS THEY COULD ACHIEVE FROM ALL THESE BASES. IF THIS LATEST REPORT IS CONFIRMED , IT WILL GREATLY ENHANCE THEIR OPERATIONAL FLEXIBILITY AND WOULD PERMIT THEM TO SURVEY CONTINUOUSLY ALL THE MAIN SHIPPONG ROUTES OF THE WORLD, PARTICULARY THE VITAL OIL ROUTES FROM THE MIDDLE EAST, WITHOUT ENCOUNTERING PROBLEMS OF OVERFLYING RIGHTS. IN THE LONGER TERM A NEW DIMENSION WOULD BE ADDED TO SOVIET NAVAL OPERATIONS IN THE INDIAN OCEAN IF THE SOVIET AIRCRAFT CARRIER NOW BEING BUILT WERE TO BE DEPLOYED THERE, EVEN WITHOUT VTOL OR VSTOL AIRCRAFT (SEE ANNEX II(4)).

27. THE REOPENING OF THE CANAL WILL ALSO BE A POLITICAL
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ASSET TO THE SOVIET UNION VIS A VIS THE FAR EAST AND PARTICULARLY CHINA. IN ADDITION IT IS WORTH REMEMBERING THAT THE CLOSING OF THE CANAL LED TO INCREASED FREIGHT RATES FOR THE EUROPEAN COUNTIRES AND THEREBY MADE IT EASIER FOR ASIAN COUNTRIES TO GETA COMMERICAL FOOTING IN THE AREA. MOSCOW WOULD ALSO FIND IT EASIER TO SQUARE UP POLITICALLY TO THE CHINESE IN CAPITALS WHERE THE TWO POWERS ARE AT PRESENT COMPETING FOR INFLUENCE.

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B. ECONOMIC

28. IT IS DIFFICILT TO FORECAST WHAT WILL BE THE EFFECT
OF THE REOPENING OF THE CANAL OF THE PATTERN OF DEMAND FOR
WORLD SHIPPING AND ON SHIPPING COSTS. SHORTER JOURNEYS, WITH
THE CONSEQUENT GREATER UTILIZATION OF A SHIP, WILL LEAD TO A
SURPLUS OF SHIPPING. CURRENTLY A SUBSTATNIAL BOLUME OF ORDERS
FOR MERCHANT VESSELS IS BEING POSTPONED OR IS LIABLE TO

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CANCELLATION BUT THIS LARGELY REFLECTS THESLUMP IN OIL TANKER
FREIGHT RATES, PARTICULARLY FOR SUPER TANDERS, IN THE WAKE OF
THE ENERGY CIRISIS AND THE REDUCTION OF DEMAND FOR OIL. AN

ADDITIONAL SURPLUS (EVEN OF A SMALL PERCENTAGE OF TONNAGE)
CONSEQUENT UPON THE REOPENING, WOULD EXACERBATE THE SITUATION.

29. THE IMMEDIATE- AND POSSIBLY MEDIUM TERM- PROSPECTS
FOR THE CANAL OF RECAPTURING THE SAME HIGH PROPORTION OF THE
WORLD'S OIL TRADE AS BEFORE ARE NOT BRIGHT FOR THE FOLLOWING
REASONS:

- VERY LOW FRIEHT RATES AND THE NEED TO KEEP THE VERY
LARGE CRUDE CARRIERS BUSY MAKE IT ECONOMICALLY ATTRACTIVE TO
USE THE CAPE ROUTE FOR DELIVERIES TO THE CARIBBEAN AREA
AND NORTH WEST EUROPE;

- THE INITIAL PROBLEM OF TANKER SIZE LIMITS THE USE OF
THE CANAL TO FULLY LADEN SHIPS OF LESS THAN 50,000 DWT;

- SHIP OWNERS AND INSURERS PRESENT NERVOUSNESS ABOUT THE
STABILITY OF THE AREA;

- THE COMPETITION OF THE PIPELINES. THE COST OF
TRANSPORT OF OIL THROUGH THE ELIAT/ASHKALON PIPELINE
WOULD BE LESS EXPENSIVE THAN SHIPMENT BY TNAKER THROUGH THE
CANAL. IN THE SAME CONTEXT, THE SUEZ TO ALEXANDRIA PIPELINE
(SUMED) TO BE COMPLETED BY THE END OF 1977 SHOULD BE TAKEN INTO
ACCOUNT.

30. AS FAR AS DRY CARGOES ARE CONCERNED, SINCE THE CLOSURE
OF THE CANAL AN AVERAGE SURCHARGE OF 25 PCT OF 1967 FREIGHT TARIFFS
HAS BEEN APPLIED TO THESE DRY CARGOES WHICH WOULD FORMERLY
HAVE USED THE CANAL. THIS SHOULD BE REMOVED WITH THE REOPENING OF
THE CANAL, WHICH CAN BE USED BY A LARGE PERCENTAGE OF EXISTING
DRY BULK CARRIERS, CARGO SHIPS AND CONTAINER VESSELS. THE
ACTIVITY OF PORTS LOCATED ON THE SHIPPING ROUTE TRANSITING
THE CANAL HAS ALSO BEEN SEVERELY AFFECTED BY THE REROUTING OF
TRAFFIC VIA THE CAPE. THIS HAS HAD ADVERSE ECONOMIC EFFECTS
ON CERTAIN COUNTRIES, AND ESPECIALLY THE MEDITERRANEAN
COUNTRIES OF THE ALLIANCE. CONSEQUENTLY, THE REOPENING OF THE
CANAL IS BOUND TO BE OF ECONOMIC ADVANTAGE TO THESE
COUNTRIES. THERE ARE IN ADDITION CONSIDERABLE SAVINGS IN
DISTANCES WHICH SHOULD FURTHER REDUCE COSTS IN PARTICULAR FOR
DRY CARGO SHIPPING STARTING FROM OR BOUND FOR MEDITERRANEAN
PORTS. ON THE OTHER HAND, FOR SHIPPING FROM FURTHER AFIELD (FOR
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INSTANCE NORTH WEST EUROPE, OR US EASTERN SEABOARD) SAVING IN
COSTS MIGHT BE OFFSET, TO VARYING DEGREES, BY TIME SPENT IN THE
CANAL, INSURANCE PERMIA FOR PASSAGE THROUGH A CONGESTED SHIPPING
LANE AND CANAL DUES.

31. EGYPT STANDS TO BENEFIT FROM THE RE-ESTABLISHMENT OF
HER POSITION ON WORLD TRADE ROUTES AND FROM THE RECONSTRUCTION
OF THE CANAL TOWNS. HOWEVER THIS WILL BE A GRADUAL PROCESS
WHICH WILL CULMINATE WITH THE COMPLETION OF STAGES I AND II OF THE
CANAL WIDENING AND DEEPENING, AND THE COMPLETE REHABILITATION OF
THE CANAL ZONE.

32. THE BENEFIT TO BE EXPECTED BY THE COUNTRIES ON THE RED SEA AND THE EASTERN COAST OF AFRICA IS DIFFICULT TO ASSESS BUT WILL UNDOUBTEDLY BE CONSIDERABLE, IN PARTICULAR AS REGARDS THEIR OWN DEVELOPMENT WHICH IS AN URGENT NECESSITY, AS THESE COUNTRIES HAVE NOT RECOVERED ECONOMICALLY FORM THE CLOSURE OF THE CANAL. PORTS LKE MASSAWA, ASSAB, DJIBOUTI AND PORT SUDAN WILL CERTAINLY PROFIT FROM A REOPENING OF THE CANAL.

33. IN VIEW OF THE RELATIVELY SMALL AMOUNT OF TRADE CONDUCTED WITH CONTIRES SOUTH OF SUEZ, AND THE SMALL CONTRIBUTION WHICH FOREIGN TRADE MAKES TO THE SOVIET ECONOMY, THE IMMEDIATE ECONOMIC EFFECT ON THEUSSR OF THE REOPENING OF THE SUEZ CANAL IS UNLIKELY TO BE IMPORTANT. ON THE OTHER HAND, THE RELIEF OF PRESSURE ON THE TRANS-SIBERIAN RAILWAY SYSTEM IS LIKELY TO ALLEVIATE EXISTING INTERNAL TRANSPORT DIFFICULTIES AND TO CREATE EXTRA CARRYING CAPACITY WHCIH COLD BE USED FOR PURPOSES OTHER THAN COMMERCAIL OR ECONOMIC.

34. IN THE LONGER RUN, THE SOVIET UNION AND HER COMECON PARTNERS COULD DERIVE SUBSTANTIAL BENEFITS FROM THE IMPORVED COMMERCIAL OPPORTUNITIES RESULTING FROM THE SHORTER TRADE ROUTE BETWEEN THE BLACK SEA, THE GULF AND THE NORTH WESTERN PARTOF THE INDIAN OCEAN. EASIER ACCESS TO OIL OF THE GULF STATES MAY BE OF PARTICULAR IMPORTANCE TO THOSE EAST EUROPEAN COUNTRIES WHO UNTIL NOW MANLY RELY ON SOVIET PETROLEUM DELIV-ERIES. AS THE SOVIET UNION IS MAKING EFFORTS TO SELL ITS OIL OUTSIDE COMECON IN ORDER TO PROCURE THE HARD CURRENCIES IT NEEDS TO BUY KEY INDUSTRIAL PLANTS FORM THE WESTERN INDUSTRIALIZED COUNTRIES, THERE ARE SIGNS THAT SOME EASTERN EUROPEAN COUNTIRES
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ARE SUPPLEMENTING THEIR OIL SUPPLIES WITH IMPORTS FROM MIDDLE EASTERN COUNTRIES AND ESPECIALLY IRAQ AND IRAN. LAST, BUT NOT LEAST BECAUSE OF ITS POLITICALY IMPLICATIONS, THE FLOW OF SOVIET ECONOMIC AND TECHNICAL ASSISTANCE TO INDIA, THE PDRY, SOMALIA, IRAQ AND THE YAR AND TO EAST AFRICA GENERALLY, WILL BECOME EASIER.

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III. CONCLUSIONS

35. SOVIET POLICY IN THE RED SEA, PERSIAN GULF AND INDIAN OCEAN AREA SEEKS TO ENHANCE SOVIET INFLUENCE AT THE EXPENSE OF WESTERN INTERESTS, TRIES TO OBTAIN ADDITIONAL BASES AND PORT FACILITIES TO CONTROL THE LINES OF SUPPLY FORM THE MIDDLE EAST OIL FIELDS AND TO COUNTERACT THE SPREAD OF CHINESE INFLUENCE. IT IS ASSERTIVE IN ITS ATTEMPT TO DEMONSTRATE THE POSITION
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OF THE SOVIET UNION AS A SUPER POWER AND TO DERIVE POLITICAL ADVANTAGES. IT IS ALSO EXPERIMENTALIN THESENSE THAT IT IS INTENDED TO PROBE WESTERN REACTIONS, AND OPPORTUNISTIC. ON THE OTHER HAND,THE SOVIET UNION PROBABLY WISHES TO AVOID ANY MILITARY CONFRONTATION WITH THE COUNTRIES OF THE ALLINACE AND SERIOUS DAMAGE TO THE CURRENT POLICY OF DETENTE WITH THE WEST. EFFORTS TO EXTEND SOVIET INFLUENCE IN THE LITTORAL STATES OF THE INDIAN OCEAN ARE ALSO SUBJECT TO HAZARDS ARISING FORM THE INSTABILITY OF SOME COUNTIRES AND THE PRESSURES OF LCOAL NATIONALISM.

36. THE IMMEDIATE COMMERCIAL ADVANTAGES ATTENDING UPON THE REOPENING OF THE CANAL TO THE EASTERN COUNTRIES WILL NOT BE GREAT ALTHOUGH THERE WILL BE SOME NEW OPPORTUNITIES. THERE WILL BE SOME ADVANRAGES TO WESTERN TRADING NATIONS, BUT THE SHIPPING COSTS SAVED BY THE REOPENING OF THE CANAL MAY NOT BE OUTSIDE THE NORMAL VARIATION OF FREIGHT CHARGES. THE ADVANTAGES FOR THE SHIPPING OF DRY CARGO AND, TO SOME EXTENT OIL, WHICH

WOULD COME IN THE WAKE OF A REOPENING OF THE CANAL WILL PROMOTE ECONOMIC AND COMMERCIAL RELATIONS, A DEVELOPMENT WHICH WILL BE IN THE INTERESTS OF THE COUNTRIES OF THE AREA AND THE MEDITERRANEAN BASIN AND OF THOSE WHO DO MOST OF THEIR TRADE WITH THE INDIAN OCEAN STATES AND AUSTRALIA. IT SHOULD ALSO IMPROVE WESTERN EUROPE'S COMPETITIVENESS VIS A VIS JAPAN ON THE INDIAN AND ASIAN MARKETS. NEVERTHELESS, THE WESTERN COUNTRIES WILL THINK TWICE BEFORE INTRODUCING HASTY AND EXTENSIVE MODIFICATIONS TO THE STRUCTURE OF THEIR OIL FLEETS AND MAKING THEMSELVES DEPENDENT ON A MARITIME ROUTE AND OIL PIPELINES WHICH IN THE PAST HAVE PROVED MOST VULNERABLE TO POLITICAL DEVELOPMENTS IN THE MIDDLE EAST. THEY WILL, OF COURSE, ADJUST TO CHANGES IN THE PATTERN OF WORLD PETROLEUM TRADE, FOR INSTANCE BY INCREASING THE OVERALL Tonnage OF MEDIUM SIZE PETROLEUM PRODUCT CARRIERS AND TANKERS, BUT WITHOUT LOSING SIGHT OF THE NEED TO KEEP THE SUPER TANKERS IN SERVICE.

37. BECAUSE OF ITS VULNERABILITY, THE WATERWAY LOSES STRATEGIC RELIABILITY IN WARTIME.

38. SINCE THE SOVIET PENETRATION OF THE INDIAN OCEAN IS GOVERNED BY MAJOR GEO-STRATEGICAL CONSIDERATIONS, NAMELY TO PUT THEMSELVES IN A POSITION TO THREATEN WESTERN TRADE ROUTES,
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TO MARK CHINESE ACTIVITIES THERE AND TO CONFIRM THE USSR'S STATUS AS A SUPER POWER WITH WORLD INTERESTS, IT WILL BE PURSUED IN ANY CASE. THUS, WHETHER OR NOT THE SUEZ CANAL IS REOPENED, THE SOVIET UNION IS LIKELY TO INCREASE ITS CONTINUOUS DEPLOYMENTS IN THE INDIAN OCEAN. THIS INCREASE FROM THE PRESENTLY DEPLOYED FORCE OF SOME 7 SURFACE COMBATANTS IS LIKELY TO BE GRADUAL. SUCH A MEASURED APPROACH WOULD ENABLE THE USSR TO GAUGE THE REACTIONS OF THE LITTORAL STATES, WOULD ALLOW FOR A CONTINUOUS EVALUATION OF WESTERN RESPONSES, AND WOULD RUN THE LEAST RISK OF GENERATING A WESTERN RESPONSE, IN BOTH MILITARY AND POLITICAL TERMS. IT IS NOT THE SOVIETS APPARENT INTENTION, AT LEAST AT PRESENT, TO SET UP ANY KIND OF NAVAL RACE WITH THE WEST. IT WOULD BE IN KEEPING WITH THEIR GENERAL NAVAL POLICY FOR THEM TO SEE THE EASIER DEPLOYMENT OF THEIR NAVAL POWER AS GIVING THEM AN ADDITIONAL CAPACITY TO INFLUENCE INTERNAL POLICIES OF SOME LITTORAL STATES. THEY COULD CONTINUE TO BE INHIBITED BY THE THREAT OF WESTERN REACTION FROM USING NAVAL POWER TO INTERFERE DIRECTLY IN THE LITTORAL STATES, BUT IF AT ANY STAGE THEY FELT THAT THEY COULD ACT QUICKLY AND DECISIVELY IN A CHANGING SITUATION WITHOUT PROVOKING WESTERN REACTION THEY WOULD BE ABLE TO DO SO.

39. THE REOPENING OF THE CANAL WILL GIVE SOVIET NAVAL POWER ADDED FLEXIBILITY AND WILL SOMEWHAT INCREASE THE SCOPE FOR POLITICAL AND ECONOMIC PENETRATION BUT IT WILL CAUSE NO SUBSTANTIAL SHIFT IN ADVANTAGE TO EITHER EAST OR WEST PROVIDED THE WEST CONTINUES TO BRING TO BEAR EQUIVALENT MEANS.

HOWEVER, CONSIDERING THE INCREASED DENSITY OF SHIPPING IN THE MEDITERRANEAN AND THE INCREASED SOVIET NAVAL FLEXIBILITY RESULTING FROM THE REOPENING OF THE SUEZ CANAL, A GREATER BURDEN OF PEACETIME SHIPPING SURVEILLANCE AND PROTECTION IN THAT AREA WILL FALL TO ALLIES THAN NOW EXISTS-- AND EVEN MORE SO IN TIMES OF CRISIS AND TENSION. IT IS UP TO THE INTERESTED GOVERNMENTS AND THE APPROPRIATE ORGANS OF THE ALLIANCE TO DECIDE ON THE MEANS TO BE APPLIED IN ORDER TO RESPOND TO THE INCREASED SOVIET PRESENCE.

NOTE: ANNEX 1A THROUGH 1G NOT FORWARDED (MAPS)

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ANNEX II TO C-M(75)12(REVISED)

FOOTNOTES TO THE REPORT ON THE IMPLICATIONS OF THE REOPENING
OF THE SUEZ CANAL

1. (PARAGRAPH 2(A), PAGE 5)#. THE OPERATION TO CLEAR THE
CANAL OF EXPLOSIVES WAS LARGELY COMPLETED BY THE END OF 1974
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THANKS TO ASSISTANCE BY THE US, UK AND FRENCH NAVIES.
THE SOVIET NAVY CLEARED MINES IN THE STRAITS OF GUBAL. SOME
SHALLOW DRAUGHT EGYPTIAN VESSELS PASSED THROUGH THE CANAL
LAST NOVEMBER AND TWO EGYPTIAN DESTROYERS NAVIGATED THE CANAL
IN MARCH BUT BEFORE IT CAN BE FULLY REOPENED THE SUEZ CANAL
AUTHORITY (SCA) WILL HAVE TO COMPLETE THE REMOVAL OF SUNKEN
WRECKS, REPAIR THE BED AND BANKS OF THE CANAL AND INSTALL NEW
TELECOMMUNICATIONS EQUIPMENT AND NAVIGATIONAL AIDS. THERE IS
STILL MUCH TO BE DONE IN THE DREDGING OF THE ACCUMULATED SILT
AND IN THE REINSTATEMENT OF FIXED NAVIGATIONAL AIDS AND
TELECOMMUNICATIONS EQUIPMENT. SCA ESTIMATES THAT IF THEIR
PROGRAMME IS ADHERED TO IT SHOULD BE POSSIBLE TO REOPEN THE
CANAL FOR COMMERCIAL SHIPPING WITH A MAXIMUM DRAUGHT OF 38 FT
(THE PRE-1967 DRAUGHT) BETWEEN THE END OF APRIL AND THE END
OF JUNE 1975. WE THINK THIS TIMING OPTIMISTIC AND THAT THE
CANAL IS UNLIKELY TO BE BACK AT ITS PRE-1967 CONDITION MUCH
BEFORE THE END OF 1975.

THE 38 FT DRAUGHT LIMIT WILL ONLY RESTORE THE CANAL
TO ITS PRE SIX DAY WAR CAPACITY AND THE EGYPTIANS HAVE
RECOGNIZED THAT A MAJOR PROPORTION OF THE WORLD'S TANKER
SHIPPING WILL BE UNABLE TO TRANSIT. THEY HAVE THEREFORE
DEvised A TWO STAGE PLAN FOR ENLARGEMENT. STAGE 1, TAKING
3 YEARS TO COMPLETE, WOULD BE TO PERMIT THE PASSAGE OF SHIPS
WITH A DRAUGHT OF 53 FT; STAGE 2, ALSO ESTIMATED AS TAKING A
FURTHER 3 YEARS, WOULD ENLARGE THE WATERWAY TO TAKE SHIPS OF
UP TO 70 FT DRAUGHT. THE THREE DRAUGHTS QUOTED ABOVE
REPRESENT FOR OIL TANKERS DEAD WEIGHT TONNAGES (DWT) OF ABOUT
50,000, 150,000 AND AT LEAST 250,000 DWT RESPECTIVELY.

THE SCA HAS BEGUN TRAINING CANAL PILOTS AND PLANS TO
HAVE AT LEAST 120 QUALIFIED BY 1ST APRIL. IN ADDITION, IT HAS
PLACED A \$169 MILLION CONTRACT WITH A JAPANESE FIRM TO DEEPEN
AND WIDEN THE WATERWAY. WORK IS TO BEGIN IN THE LAST HALF OF
1975 AND BE COMPLETED BY MID-1979.

SHIP OWNERS AND CHARTERERS WOULD BE RELUCTANT TO USE
THE CANAL IN A SITUATION WHICH REMAINS DANGEROUSLY UNCERTAIN,
WITH THE THREAT OF SHIPS BECOMING TRAPPED AS IN 1967.

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THE INDICATIONS GIVEN IN BRACKETS REFER TO THE RELEVANT
PARAGRPHS OF THE REPORT

2. (PARAGRAPH 5, PAGE 6). ALTHOUGH BOTH SHIPS (KIEV AND MINSK) ARE FITTED WITH ANGLED DECK, IT IS NOT THOUGHT THAT THEY WILL BE CAPABLE OF OPERATING FIXED WING AIRCRAFT, AND THEIR MOST PROBABLE COMPLEMENT SEEMS LIKELY TO BE A MIX OF V/STOL AIRCRAFT AND HELICOPTERS.

3. (PARAGRAPH 5, PAGE 6; PARAGRAPH 7, PAGE 7). THE SOVIET MERCHANT FLEET TO A LARGE DEGREE PERFORMS AN ESSENTIAL FUNCTION OF LONG-RANGE LOGISTICS SUPPORT FOR THEIR NAVAL FORCES. IN 1956, THE SOVIET HAD 1,000 MERCHANT SHIPS TOTALLING AT 2,300,000 TONS. TODAY, THEY HAVE EXPANDED THEIR MERCHANT FLEET TO 6,500 SHIPS TOTALLING 16,200,000 TONS.

4. (PARAGRAPH 7, PAGE 7). THE OPENING OF THE SUEZ CANAL WOULD SHORTEN THE ROUTE FROM THE BLACK SEA TO THE FISHING GROUNDS IN THE INDIAN OCEAN BY SEVERAL WEEKS, WOULD SAVE COST AND WOULD PROBABLY INCREASE THE FISHING. AS IN THE CASE OF SOVIET WARSHIPS AND MERCHANT SHIPS, THE SUEZ CANAL WOULD PERMIT THE SOVIET FLOATING FISH FACTORIES TO MOVE FROM SIBERIAN TO BLACK SEA PORTS, THUS FACILITATING VOYAGES TO THE FISHING GROUNDS TO BE EXPLOITED. IN THIS CONNECTION, THE IMPORTANCE OF THE AGREEMENT WITH MAURITIUS SHOULD BE RECALLED. FROM THE POINT OF VIEW OF DEEP-SEA FISHING, THEREFORE, THE OPENING OF THE SUEZ CANAL WOULD BE MAINLY OR PREDOMINANTLY TO THE BENEFIT OF THE SOVIET UNION. THE SOVIETS WILL CONTINUE TO PROMOTE FISHING AGREEMENTS (OF WHICH 14 HAVE ALREADY BEEN CONCLUDED WITH STATES OF THE INDIAN OCEAN BASIN) AND TO PRESS FOR THE USE OF SHORE FACILITIES BY FISHING VESSELS IN THE HOPE THAT THESE FACILITIES MIGHT LATER BE EXTENDED TO THE NAVY.

5. (PARAGRAPH 7, PAGE 7). SINCE SEPTEMBER 1967, SPACE VEHICLE RECOVERY SHIPS- MANNED BY THE NAVY- AND OTHER SHIPS HAVE BEEN DEPLOYED TO THE INDIAN OCEAN IN SUPPORT OF THE SOVIET SPACE PROGRAMME. OTHER NAVAL SHIPS HAVE CARRIED OUT OCEANOGRAPHIC AND HYDROGRAPHIC RESEARCH, AND IT MUST BE ASSUMED THAT SOME HAVE COLLECTED INTELLIGENCE.

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6. (PARAGRAPH 7, PAGE 7). OTHER EVALUATIONS INDICATE THAT THE FORCE NOW AVERAGES ONE DESTROYER, FOUR ESCORTS ONE AMPHIBIOUS SHIP AND ONE SUBMARINE AND IS USUALLY AUGMENTED BY A CRUISER DURING DECEMBER AND JANUARY. ON 5TH MARCH, 1975, IT CONSISTED OF THE FOLLOWING UNITS: ONE SUBMARINE SEVEN COMBATANTS, ONE INTELLIGENCE COLLECTOR AND SIX AUXILIARIES.

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INFO AMEMBASSY PARIS

AMEMBASSY ADDIS ABABA

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AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMEMBASSY KUWAIT

AMEMBASSY MADRID

AMEMBASSY MOGADISCIO

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

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7. (PARAGRAPH 7, PAGE 7). THE MAIN GROUP OF SOVIET WARSHIPS HAVE CONTINUED TO SPEND MOST OF THEIR TIME IN THE ARABIAN SEA AND THE GULF OF ADEN, WITH FREQUENT BUT IRREGULAR VISITS TO IRAQI PORTS. A PATRO WAS MAINTAINED IN THE STRAITS OF HARMUZ BETWEEN MAY AND AUGUST, PARTLY BY AN INTELLIGENCE COLLECTION VESSEL AND PARTLY BY A MINE SEEPEPER; THE FORMER WAS SUBSEQUENTLY SEEN OFF DIEGO GARCIA BEFORE RETURNING TO THE SECRET

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PACIFIC. THIS IS THE FRST TIME SINCE THE INDO PAKISTANI WAR THAT THE PRESNECE OF AN INTELLIGENCE COLLECTION VESSEL HAS BEEN NOTED. MOREOVER, THE SOVIETS HAVE SINCE JULY CARRIED OUT MINE CLEARANCE OPERATIONS IN THE STRAITS OF GUBAL AT THE ENTRANCE TO THE GULF OF SUEZ, WITH A FORCE OF FOURTEEN SHIPS,

INCLUDING THE HELICOPTER CARRIER LENINGRAD, AND MISSILE ARMED DESTROYER FROM THE BLACK SEA FLEET. THIS IS THE FIRST TIME THAT A HELICOPTER CRUISER HAS BEEN DEPLOYED SO FAR AFIELD. (IT SUBSEQUENTLY VISITED MAURITIUS.)

8. (PARAGRAPH 7, PAGE 7). SOVIET DEPLOYMENTS DURING THE INDO PAKISTANI WAR EVENTUALLY BROUGHT THEIR FORCE LEVEL THERE TO EIGHT SURFACE COMBATANTS FOUR SUBMARINES AND SOME AUXILIARIES. FOLLOWING THE ARAB ISRAELI WAR OF 1973, THE SOVIETS ALSO SENT ADDITIONAL UNITS INTO THE AREA.

9. (PARAGRAPH 9, PAGE 8). SOVIET PENETRATION IN THE INDIAN OCEAN
A. RED SEA OUTLETS

(I) SOMALI DEMOCRATIC REPUBLIC

IN THE SOMALI DEMOCRATIC REPUBLIC, THE SOVIETS HAVE GAINED INFLUENCE, PARTICULARLY SINCE THE 1969 MILITARY COUP. THEY TRAIN AND EQUIP THE SOMALI ARMED FORCES. 800 CIVILIAN AND MILITARY EXPERTS ARE UNDERSTOOD TO BE SECONDED TO THE SOMALI ARMED FORCES. THESE EXPERTS SEEM TO EXERCISE NO DIRECT AUTHORITY WITHIN UNITS. SINCE EARLY 1972 REGULAR USE HAS BEEN MADE OF BERBERA ALONGSIDE BERTHS FOR MAINTENANCE, REPLENISHMENT AND HARBOUR TRAINING, AND A SMALL SOVIET NAVAL COMMUNICATIONS STATION HAS BEEN ESTABLISHED. THE SOVIETS HAVE IMPROVED THE HARBOUR OF BIRIKAO NEAR THE KENYAN BORDER. THEY HAVE NOT SO FAR ACQUIRED AIR FACILITIES, THOUGH NEW AIRFIELDS, ONE COMPLETED, ONE NEARING COMPLETION, WOULD BE CAPABLE OF HANDLING LONG-RANGE RECONNAISSANCE AIRCRAFT.

A TREATY OF FRIENDSHIP AND COOPERATION WAS SIGNED BY THE SOMALI DEMOCRATIC REPUBLIC AND THE SOVIET UNION ON 11TH JULY, 1974, IN MOGADISHU DURING MR PODGORNYS VISIT. ARTICLE 4 OF THIS TREATY CONCERNS MILITARY COOPERATION AND STATES THAT WITH THE AIM OF STRENGTHENING THE DEFENCE CAPABILITY OF THE SOMALI DEMOCRATIC REPUBLIC, THE HIGH CONTRACTING PARTIES

WILL CONTINUE TO EXTEND THEIR COOPERATION IN THE MILITARY
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FIELD, IN ACCORDANCE WITH THE SPECIAL ARRANGEMENTS ALREADY CONCLUDED. IT GOES ON TO SAY THAT COOPERATION WILL, IN PARTICULAR, TAKE THE FORM OF ASSISTANCE TO THE SOMALI ARMED FORCES IN THE SPHERES OF MILITARY TRAINING AND INSTRUCTION IN THE USE OF THE WEAPONS AND EQUIPMENT SUPPLIED TO THE SOMALI DEMOCRATIC REPUBLIC FOR THE PURPOSE OF STRENGTHENING ITS DEFENCE CAPABILITY. IN EXCHANGE FOR THE TREATY, THE SOVIET UNION HAS APPARENTLY REDUCED MOST OF THE ACCUMULATED DEBT, ESTIMATED AROUND 90 MILLION DOLLARS INCURRED BY SUCCESSIVE SOMALI GOVERNMENTS SINCE INDEPENDENCE, AND ACCEPTED A NEW TIMING FOR THE REST.

ON THE OTHER HAND, IT SHOULD BE MENTIONED THAT THERE IS ALSO CRITICISM OF THE SOVIET UNION IN SOMALIA. SOMALIA SEEMS

TO BE DISINCLINED TO BECOME A SOVIET CLIENT STATE, AND THIS IS MADE EVEN STRONGER BY THE SOMALI AWARENESS OF THEIR EMINENT STRATEGIC POSITION; A FACT ALSO RECOGNISED BY CHINA WHICH IS CARRYING OUT A MAJOR DEVELOPMENT PROJECT, NAMELY THE STRATEGIC ROAD FROM BELET UEN TO BURAO.

(II) SOVIET AID TO THE SOMALI ARMED FORCES
THE SOMALI AIR FORCE IS UNDERSTOOD TO BE EQUIPPED WITH MIG 15S AND MIG 17S (ABOUT 25) AND 24 OR SO MIG 21S. THERE ARE ALSO 10 ILYUSHIN 28S, ANTONOV 24S AND 14S AND THE SAME NUMBER OF HEAVY AND LIGHT HELICOPTERS (M1 AND M8 TYPES). IT SEEMS THAT ABOUT 30 PILOTS HAVE BEEN TRAINED IN THE SOVIET UNION AND THAT THE AIRCRAFT AND HELICOPTERS ARE MAINTAINED BY SOVIET PERSONNEL. IN MAKING THE SOMALI AIR FORCE DEPENDENT ON THEM FOR LOGISTIC SUPPORT AND MAINTENANCE, THE SOVIETS AIM IS APPARENTLY TO EXERCISE CONTROL OVER THIS IMPORTANT ELEMENT OF THE SOMALI ARMED FORCES.

THERE ARE REPORTS THAT FOR SOME TIME THE SOVIETS HAVE BEEN ACTIVELY ENGAGED IN BUILDING AN AIRFIELD NEAR UANLE UEN, 100KMS NORTH WEST OF MOGADISHU, THAT IS APPARENTLY DESIGNED TO BECOME A MAJOR SOMALI MILITARY BASE. THERE IS A REPORT THAT, UNDER THE PROVISIONS OF SECRET SOVIET SOMALI MILITARY AGREEMENT REPORTEDLY SIGNED LAST JULY, THIS NEW AIRFIELD WILL BE MADE AVAILABLE TO SOVIET AIR FORCE AS A STAGING AREA.

IN THE FIELD OF AIR DEFENCE, IT IS REPORTED THAT SAM 2
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AND 3 ANTI AIRCRAFT MISSILE SITES ARE BEING BUILT AND THAT SAM 7S HAVE BEEN SUPPLIED TO THE AIR FORCE.

IT SEEMS THAT THE SOMALI ARMY HAS 200 T34 AND 40 T54 TANKS. ITS NAVY MAY INCLUDE 2 MISSILE LAUNCHING CRAFT BASED AT BERBERA AND FIVE P6 FAST TORPEDO BOATS.

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AMEMBASSY MOSCOW
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(III) PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN (PDRY)

SOVIET ECONOMIC AND MILITARY AID HAS BEEN SUPPLIED
SINCE 1968 59 0\$46, WHERE THE SOVIETS HAVE ALSO ACQUIRED
POLITICAL INFLUENCE AND ACCESS TO FACILITIES. THE SOVIETS
ARE REPORTED TO HAVE AGREED TO A PROTOCOL PROVIDING FOR THE
CANCELLATION OF PDRY'S DEBTS AND THE POSTPONEMENT OF LOAN
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INSTALMENTS AND THEY MAY HAVE OFFERED A NEW LOAN TO THE PDRY.
SHIPS OF THE SOVIET INDIAN OCEAN SQUADRON NOW MAKE FREQUENT
USE OF PORT FACILITIES AT ADEN FOR PROVISION, WATER, REST AND
RECREATION. SOUTH YEMEN HAS ALREADY STARTED TO EXPAND THE
PORT OF ADEN. AS A RESULT OF THE PORT FEES, SERVICES, ETC.
WHICH WILL GO TO SOUTH YEMEN ONCE THE CANAL HAS BEEN OPENED,
THE EXTREMIST REGIME WILL NO LONGER DEPEND ON EASTERN -
ESPECIALLY SOVIET - FINANCIAL AID AND MAY FOLLOW A MORE MODERATE
POLICY ALSO VIS-A-VIS ITS NEIGHBOURS.

(IV) YEMENI ARAB REPUBLIC (YAR)

IN THE YEMENI ARAB REPUBLIC, WHERE THE CHINESE ARE
JUST AS ACTIVE AS THE SOVIETS, THE MODERATE LINE TAKEN BY THE
REGIME AND THE INCREASING INFLUENCE OF SAUDI ARABIA PREVENT THE
COMMUNISTS FROM PLAYING A MAJOR POLITICAL ROLE. THE SOVIETS
HAVE SUPPLIED QUANTITIES OF MILITARY EQUIPMENT, INCLUDING
AIRCRAFT, TO THE YAR, BUT THE YEMENIS ARE WARY OF SOVIET
BLANDISHMENTS AND SUSCEPTIBLE TO PRESSURE FROM SAUDI ARABIA.

(V) SUDAN

AT THE BEGINNING OF THE NIMERI GOVERNMENT, BETWEEN 1969 AND 1971, WHEN NIMERI WAS HIGHLY DEPENDENT ON SOVIET ARMS SUPPLIES, PORT SUDAN WAS OPEN FOR VISITS BY SOVIET NAVAL UNITS. THERE HAS NOT BEEN A SOVIET NAVAL BASE IN SUDAN.

AFTER THE ABORTIVE COUP DE'ETAT BY LEFT-WING OFFICERS IN JULY 1971, THE SOVIET UNION LOST ITS PREFERENTIAL POSITION AND HAS UP TO NOW NOT BEEN ABLE TO REGAIN IT.

(VI) ETHIOPIA

SOVIET EFFORTS IN ETHIOPIA HAVE ALSO HAD LITTLE SUCCESS. SINCE THE MILITARY TAKE-OVER IN ETHIOPIA AND THE REMOVAL OF EMPEROR HAILE SELASSIE THERE HAS BEEN NO EVIDENCE OF SOVIET INSPIRATION BEHIND THE ACTIONS OF THE PROVISIONAL MILITARY COUNCIL (FORMERLY THE ARMED FORCES' CO-ORDINATING COMMITTEE), ALTHOUGH THE LATTER WILL NO DOUBT BE LOOKING TO THE SOVIETS AMONGST OTHERS AS AN ALTERNATIVE SOURCE OF ARMS SUPPLY TO THE UNITED STATES. IT IS TOO EARLY, HOWEVER, TO ASSESS

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WHETHER THE SOVIETS MAY BE ABLE TO IMPROVE THEIR POSITION IN THE NEW SITUATION. THEY ARE LIKELY TO BE CAUTIOUS IN THEIR APPROACH TO THE NEW ETHIOPIAN REGIME FOR FEAR OF PREJUDICING THEIR RELATIONS WITH SOMALIA. HOWEVER, THE SOVIET UNION, AFTER A PERIOD OF CAUTIOUS EXPECTATION, IS NOW OPENLY STARTING TO SUPPORT THE NEW REGIME, AS PROVEN BY THE CULTURAL RELATIONS NEWLY ESTABLISHED. ON 5TH JANUARY, 1975, THE PROVISIONAL MILITARY ADMINISTRATIVE COUNCIL ANNOUNCED THE SIGNING OF A CULTURAL AGREEMENT WITH THE SOVIET UNION, WHICH FOLLOWS ITS PLEDGE LAST MONTH TO TURN THE COUNTRY INTO A SOCIALIST STATE WITH A ONE-PARTY SYSTEM.

(VII) SAUDI ARABIA

SAUDI ARABIA IS VIEWING THE REOPENING OF THE SUEZ CANAL WITH SCEPTICISM. IN THE SAUDI VIEW, THIS SERVES SOVIET INTERESTS, BUT ALSO THOSE OF THE "MARXIST AND REVOLUTIONARY" PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN. THIS SCEPTICISM IS LIKELY TO BE NOURISHED TO SOME EXTENT BY SOME CONCERN WITH REGARD TO POLITICAL DEVELOPMENTS IN EGYPT, TO WHOM THE OPENING OF THE SUEZ CANAL WOULD GIVE A KEY POSITION FOR FURTHER DEVELOPMENTS IN THE RED SEA AND THE INDIAN OCEAN. IT IS STILL TOO EARLY TO ASSESS THE REPERCUSSIONS OF KING FAISEL'S DEATH.

B. PERSIAN GULF OUTLETS

IRAQ

ALTHOUGH BAGHDAD DOES NOT WISH TO BECOME ENTIRELY DEPENDENT

ON MOSCOW, THE MAIN FOCUS OF SOVIET ACTIVITIES IN THE GULF HAS BEEN IRAQ, WHERE THE SOVIETS HAVE PROVIDED MILITARY AND ECONOMIC AID AND HELP WITH AIRFIELD AND PORT DEVELOPMENT IN PARTICULAR THEY PLAYED AN IMPORTANT ROLE IN THE MODERNISATION OF THE UMM QASR PORT FACILITIES. MOSCOW MAINTAINS A MILITARY MISSION IN BAGHDAD AND FURNISHES A SUBSTANTIAL PART OF THE MILITARY EQUIPMENT USED BY THE IRAQI ARMY. THE SOVIET-IRAQI TREATY OF FRIENDSHIP AND CO-OPERATION OF APRIL 1972 PROVIDED FOR DEFENCE COLLABORATION, WHICH COULD BE INTERPRETED TO INCLUDE SOVIET USE OF IRAQI PORTS AND AIRFIELDS. BUT APART FROM A FEW VISITS BY NAVAL VESSELS TO BASRA AND UMM QASR, THERE HAVE BEEN NO INDICATIONS SO FAR THAT THE SOVIETS RELY ON ACCESS TO IRAQI
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FACILITIES FOR OPERATIONS IN THE INDIAN OCEAN. THE SOVIET UNION IS PROVIDING MATERIAL AID FOR THE REBELLION IN DHOFAR THROUGH THE AGENCY OF IRAQ AND SOUTH YEMEN. SOVIET INTEREST IN IMPROVING RELATIONS WITH IRAN IS AN IMPORTANT CONSTRAINT ON ITS RELATION WITH IRAQ.

THE EXISTING PATTERN MIGHT BE CHANGED AS A RESULT OF THE RECENT AGREEMENT BETWEEN IRAN AND IRAQ. IN SPITE OF THE SOVIET-IRAQI TREATY OF FRIENDSHIP, IRAQ HAS NEVER BEEN A SATELLITE OF THE SOVIET UNION. THE AGREEMENT BETWEEN IRAN AND IRAQ CONCERNING THE BORDER ISSUE AS WELL AS SUBVERSIVE ACTIVITIES MIGHT HELP TO REDUCE THE SOVIET INFLUENCE IN IRAQ AND IN THE GULF AREA. IN FACT, ONE OF THE IRANIAN MOTIVATIONS FOR THE AGREEMENT MIGHT BE TO REDUCE SOVIET INFLUENCE IN THE AREA.

C. THE MOZAMBIQUE CHANNEL AND NEIGHBOURING ISLANDS

(I) MOZAMBIQUE

THE NEW SITUATION IN MOZAMBIQUE, WHERE FRELIMO DOMINATES THE PRESENT TRANSITIONAL GOVERNMENT AND WILL FORM THE INDEPENDENT GOVERNMENT IN JUNE 1975, PROVIDES AN OPPORTUNITY FOR THE SOVIET UNION (AND FOR CHINA) TO TAKE ADVANTAGE OF ITS EXISTING LINKS WITH FRELIMO TO ESTABLISH AN INFLUENTIAL PRESENCE THERE.

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INFO OCT-01 AF-06 NEA-09 ISO-00 CIAE-00 PM-03 INR-07 L-02

ACDA-05 NSAE-00 PA-01 PRS-01 SP-02 USIA-06 TRSE-00

SAJ-01 NSC-05 SS-15 IO-10 SAB-01 SAM-01 EB-07 AID-20

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R 122045Z MAY 75

FM USMISSION NATO

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SECDEF WASHDC

INFO AMEMBASSY PARIS

AMEMBASSY ADDIS ABABA

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DACCA

AMEMBASSY DAR ES SALAAM

AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMEMBASSY KUWAIT

AMEMBASSY MADRID

AMEMBASSY MOGADISCIO

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY PORT LOUIS

AMEMBASSY TEL AVIV

AMEMBASSY TEHRAN

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(II) TANZANIA

THE ONCE PREDOMINANT CHINESE PRESENCE AND SUPREMACY
IN PROVIDING MILITARY AID IS NOW BEING TEMPERED BY SIGNIFICANT
NEW TANZANIAN MILITARY CO-OPERATION WITH THE USSR. DURING THE
SECOND HALF OF 1974 TWO SOVIET MISSIONS VISITED THE COUNTRY,
RESULTING IN REPORTED AGREEMENTS TO SUPPLY EXTENSIVE NEW
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EQUIPMRNT FOR TANZANIAN ARMED FORCES. IT IS UNCERTAIN WHAT
EFFECT THE SECOND CANCELLATION OR PORTPONEMENT OF PODGORNYY'
SCHEDULED VISIT WILL HAVE ON SOVIET EFFORTS TO EXPAND THEIR
INFLUENCE WITH TANZANIA. FOR THE TIME BEING THE INTENTION OF
THE TANZANIANS SEEMS TO BE TO GET THE MILITARY ASSISTANCE FROM
VARIOUS COUNTRIES, PROVIDED THIS CAN BE OBTAINED ON THEIR
CONDITIONS. THUS, CANADIAN ASSISTANCE FOR TRAINING OF MILITARY
AIR TRANSPORT IS MAINTAINED.

(III) MADAGASCAR

THE NEW REGIME APPEARS TO BE PLANNING TO CONTINUE THE
"POLITIQUE TOUS AZIMUTH" OF ITS PREDECESSOR WHICH LED TO A
STRICT NON-ALIGNMENT IN CONTRAST TO EARLIER CLOSE RELATIONS
WITH THE WEST. THE USSR IS MORE ACTIVE THAN THE PAST (STILL
LESS THAN CHINESE). AN EMBASSY WAS INAUGURATED IN 1974. THE

SOVIET AMBASSADOR EXPLAINED THAT AID ON CONCESSIONARY CONDITIONS IS NOT TO BE EXPECTED AT PRESENT. IF THE NEW GOVERNMENT CONTINUE ITS PREDECESSOR'S POLICY, CHANCES ARE SLIGHT THAT THE USSR WILL OBTAIN FACILITIES AT DIEGO SUAREZ, WHICH IS TO BE EVACUATED BY THE FRENCH BECAUSE THE MADAGASCAR AUTHORITIES HAVE TAKEN A RATHER NEGATIVE VIEW OF INCREASING SUPER-POWER PRESENCE IN THE INDIAN OCEAN.

(IV) MAURITIUS

IN MARCH, MAURITIAN PRIME MINISTER RAMGOOLAM HINTED THAT HE WAS CONSIDERING GIVEING THE SOVIETS A BASE ON MAURITIUS. THAT THREAT, HOWEVER, APPEARS TO HAVE BEEN MADE WITH THE INTENTION OF UNDERSCORING HIS GROWING DISSATISFACTION WITH US PLANS TO EXPAND NAVAL FACILITIES ON DIEGO GARCIA. RAMGOOLAM HAS BECOME INCREASINGLY CONCERNED THAT THE DIEGO GARCIA ISSUE MIGHT SERIOUSLY WEAKEN HIS CHANCES OF WINNING THE NEXT ELECTIONS. TO UNDER CUT CRITICISM FROM HIS LEFTIST OPPOSITION, HE MIGHT BE WILLING TO GRANT THE USSR SOMETHING MORE THAN THE BUNKERING PRIVILEGES IT PRESENTLY ENJOYS. HOWEVER, THE MAURITIANS CONTINUE TO REGARD TH SOVIETS WITH SUSPICION AND WOULD NOT READILY ALLOW THEM TO HAVE A MILITARY FACILITIES ON THE ISLAND.

(V) AFRICAN NATIONALIST MOVEMENTS

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THROUGH THE OAU, THE SOVIET UNION SUPPLIES THE NATIONALIST MOVEMENTS OPERATING FROM DAR-ES-SALAAM IN RHODESIA AND SOUTH AFRICA.

D. EASTERN SEABOARD OF THE INDIAN OCEAN

(I) INDIA

INDIA'S SIZE AND POPULATION, HER STRATEGIC POSITION TO THE SOUTH OF THE USSR AND FEARS ABOUT CHINA HAVE ALL MADE HER THE FOCUS OF SOVIET ATTENTION. INDIA HAS FOR SEVERAL YEARS BEEN THE NON-COMMUNIST WORLD'S LARGEST RECIPIENT OF SOVIET ECONOMIC AID AND ONE OF THE LARGEST RECIPIENTS OF MILITARY AID. THE INDO-SOVIET TREATY OF 1971 AND SOVIET SUPPORT DURING THE INDO-PAKISTAN WAR GAVE THE RUSSIANS THE OPPORTUNITY TO STRENGTHEN THEIR POSITION IN INDIA, WHOSE IMPORTANCE TO MOSCOW WAS UNDERLINED BY BREZHNEV'S VISIT IN NOVEMBER 1973, WHEN THE PRINCIPLES OF THE INDO-SOVIET TREATY WERE REAFFIRMED AND A FIFTEEN-YEAR ECONOMIC CO-OPERATION AGREEMENT SIGNED. NEVERTHELESS THERE ARE POWERFUL CONSTRAINTS ON SOVIET INFLUENCE, INCLUDING THE SIZE OF THE COUNTRY, WHICH CONFERS A CERTAIN IMMUNITY, AND INCREASED INDIAN SELF-CONFIDENCE FOLLOWING THE INDO-PAKISTAN WAR. THE INDIANS PUBLICLY ANNOUNCED BEFORE BREZHNEV'S VISIT THEIR REFUSAL TO GRANT THE USE OF NAVAL BASES TO ANY COUNTRY, BUT THE REUSSAINS ARE HELPING THEM TO CONSTRUCT A BASE OF THEIR OWN AT

VISAKHAPATNAM.

(II) BANGLADESH

IN BANGLADESH, THE SOVIETS STARTED ON A STRONG FOOTING;
THE INDO-BANGLADESH TREATY, MIRRORING THE SOVIET TREATY WITH
INDIA, SUGGESTED SOME IDENTITY OF INTEREST BETWEEN THE THREE
COUNTRIES, BUT THE PRACTICAL RESULTS HAVE BEEN SMALL. SINCE THE
END OF THE 1971 WAR THE SOVIETS HAVE SUPPLIED SOME TRANSPORT
AND FIGHTER AIRCRAFT TO BANGLADESH. THERE IS A SIZEABLE GROUP
OF SOVIET AIR FORCE ADVISORS IN DACCA. A SIZEABLE SOVIET MINE-
SWEEPING AND SALVAGE FORCE HAS OPERATED IN CHITTAGONG HARBOUR
AND LEFT IN JUNE 1974. SOVIETS DO MAKE NAVAL VISITS TO PORTS
IN THE REGION. THE STAY IN BANGLADESH OF SOVIET CREWS OF
HELICOPTERS AND TRAWLERS PROVIDED UNDER THE SOVIET AID PROGRAMME
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HAS BEEN EXTENDED INTO 1975. WORK IS ALSO PROCEEDING ON
VARIOUS AID PROJECTS. A NEW SOVIET COMMODITY CREDIT OF 12
MILLION POUNDS WAS ANNOUNCED IN OCTOBER 1974, HALF OF WHICH
IS TO BE FREELY CONVERTIBLE.

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ACTION EUR-12

INFO OCT-01 AF-06 NEA-09 ISO-00 CIAE-00 PM-03 INR-07 L-02

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SAJ-01 NSC-05 SS-15 AID-20 IO-10 SAB-01 SAM-01 EB-07

EA-06 /121 W

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TO SECSTATE WASHDC 1766
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AMEMBASSY BEIRUT
AMEMBASSY CAIRO
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AMEMBASSY DAR ES SALAAM
AMEMBASSY JIDDA
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AMEMBASSY NEW DELHI
AMEMBASSY PORT LOUIS
AMEMBASSY TEL AVIV
AMEMBASSY TEHRAN

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10. (PARAGRAPH 10, PAGE 9) THIS RESOLUTION WAS TABLED
1971 BY INDIA AND 12 AFRO-ASIAN COUNTRIES. IT WAS
REACTIVATED IN NOVEMBER 1974. IT HAS BEEN UNANIMOUSLY ENDORSED
BY THE AD HOC COMMITTEE ON THE INDIAN OCEAN AND SUBMITTED TO
THE MAIN POLITICAL COMMITTEE OF THE GENERAL ASSEMBLY. THE
DRAFT RESOLUTION, AMONG OTHER THINGS, CALLS ON THE GREAT
POWERS TO REFRAIN FROM INCREASING THE STRENGTHENING THEIR
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MILITARY PRESENCE AND ASKS THE LITTORAL AND HINTERLAND STATES
OF THE OCEAN TO BEGIN CONSULTATIONS SOON WITH A VIEW TO
CONVENING A CONFERENCE ON THE INDIAN OCEAN.

11. (PARAGRAPH 13, PAGE 19) DRY CARGOES CARRIED FOR
PURPOSES OF FOREIGN TRADE ROSE FROM 855 MILLION TONS TO 1,224
MILLION TONS, I. E. AN INCREASE OF 43 PERCENT IN SIX YEARS. ON THE
BASIS OF AN ANNUAL AVERAGE GROWTH RATE OF 8 PERCENT FOR THE 1970
DECADE, AS AGAINST APPROXIMATELY 7.4 PERCENT FOR THE 1960S, THE
VOLUME CARRIED WILL REACH 2,260 MILLION TONS IN 1980.

12. (PARAGRAPH 14, PAGE 10) INDIA IS NOW THE SOVIET
UNION'S LEADING TRADE PARTNER IN THE THIRD WORLD, ACCOUNTING
FOR NEARLY 2 PERCENT OF THE TOTAL SOVIET TURNOVER AND JUST UNDER 11
PERCENT OF INDIA'S. WHILE EUROPE CONTINUES TO BE THE MAIN TRADING
PARTNER OF THE COUNTRIES IN EAST AFRICA AND SOUTH-EAST ASIA
IN SPITE OF THE CLOSURE OF THE SUEZ CANAL, THE SOVIET UNION
IS MAKING IMPORTANT INROADS INTO THE PIECE GOODS, CONTAINER
AND BULK GOODS TRAFFIC.

13. (PARAGRAPH 15, PAGE 10) SOVIET ECONOMIC AID TO RED SEA,
ERSIAN GULF AND NORTH-WEST INDIAN OCEAN STATES
1954-1973

TECHNICIANS
AID EXTENDED AID USED SECONDED IN
1973
(IN MILLIONS OF DLS
(AT CURRENT PRICES))

MAURITIUS	5	-	-
ETHIOPIA	102	18	75
SOMALIA	66	42	675
SUDAN	65	26	25

TANZANIA	20	2	150
INDIA	1,962	1,034	1,600
IRAN	788	417	1,000
IRAQ	554	199	815
PAKISTAN	436	65	150
PEOPLE'S DEMOCRATIC SECRET			

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REPUBLIC OF YEMEN	14	8	200
YEMENI ARAB REPUBLIC	99	67	105

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CAIRO
DACCA

DAR ES SALAMM

JIDDA

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KUWAIT

MADRID

MOGADISCIO

MOSCOW

NEW DELHI

PORT LOUIS

TEL AVIV

TEHRAN

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